

**SALEM COUNTY  
VOCATIONAL TECHNICAL  
SCHOOL DISTRICT**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**of the**

**Salem County Vocational Technical Board of Education**

**Woodstown, New Jersey**

**For the Fiscal Year Ended June 30, 2014**

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**of the**

**Salem County Vocational Technical  
Board of Education**

**Woodstown, New Jersey**

**For the Fiscal Year Ended June 30, 2014**

**Prepared by**

**Salem County Vocational Technical School  
Business Office**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
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## **INTRODUCTORY SECTION**

# *Vocational Technical Schools*

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(856) 769-0101 ext. 310  
Fax. (856) 769-3602

Office of the Business Administrator  
880 Route 45  
Box 350 Woodstown, NJ 08098-0350

**John R. Swain**  
Superintendent

**John Bolil**  
Business Administrator

November 20, 2014

Honorable President and  
Members of the Board of Education  
Salem County Vocational Technical School District  
County of Salem, New Jersey

The comprehensive annual financial report of the Salem County Vocational Technical School District for the fiscal year ended June 30, 2014, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the final position and results of operations of the various funds and the account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit information. The introductory section includes this transmittal letter, Management's Discussion and Analysis (MD&A), the District's organizational chart and a list of principal officials. The financial section includes the basic financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996; the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid". Information related to this single audit, including the auditor's report on internal control and compliance with applicable laws and regulations and findings and recommendations, is included in the single audit section of this report.

1. **REPORTING ENTITY AND ITS SERVICES:** Salem County Vocational Technical School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Salem County Vocational Technical Board of Education and all its schools constitute the District's reporting entity. The Salem County Vocational Technical School District is one of the 21 county vocational-technical schools in New Jersey. A list of services provided follows:

- A. Full/Shared-time Career and Technical Education
  - Air Force Junior ROTC (Military Science)
  - Allied Health Professionals

A. Full/Shared-time Career and Technical Education (Cont'd)

- Auto Collision Technology
- Automotive Technology
- Child Care and Early Childhood Education
- Computer Assisted Design and Drafting
- Construction Technology
- Cosmetology
- Culinary Arts
- Electrical Technology
- Graphics Technology
- Information Technology: Computer Hardware and Software
- Law Enforcement and Public Safety
- Welding

B. Salem County Arts, Science and Technology Academies

- Academy of Biological and Medical Science at the Salem County Career and Technical High School
- Academy for Energy Applications at the Salem County Career and Technical High School
- Academy of Creative and Performing Arts
  - Vocal Music – Hosted at Pennsville High School
  - Dance – Hosted at Schalick High School
  - Drama – Hosted at Schalick High School
  - Instrumental Music – Hosted at Pennsville High School
  - Visual Arts – Hosted at Schalick High School
- Academy of Culinary Arts and Hospitality at the Career and Technical High School
- Academy of Engineering and Technology – Hosted at Penns Grover High School
- Academy of Communications and Information Technology – Hosted at Pennsville High School

C. Special Needs Programs

- Career Orientation
- New Jersey Regional Day School at Mannington

D. Post Secondary Programs/Community Education – Allied Health Professions, Medical Assistant, Multi-Skilled Technician, Certified Nurse Aide, Homemakers Home Health, Phlebotomy Technician, Cosmetology.

**2. ECONOMIC CONDITION AND OUTLOOK:**

Employment in the Salem County Area has experienced modest growth with the expansion of the Pureland Industrial Complex. Lack of transportation for individuals seeking employment continues to be a barrier.

With the relatively high cost of homes in New Jersey, the county's inventory of undeveloped land has become more attractive for housing development, which could lead to an increase in construction employment. The county has experience a population growth of 3.59% since 2000.

### 3. MAJOR INITIATIVES:

The mission of the Salem County Vocational –Technical School District continues to provide students in Salem County a comprehensive educational environment for youths and adults. The oversight of both Salem County Vocational-Technical School and Salem County Special Services School Districts continues to evolve and allow for the opportunity for more shared services and opportunities educationally and programmatically. As the merger of one Board of Education continues to evolve and solidify, processes and efficient management continues to strengthen and become more efficient. The 2012-2013 school year saw a great deal of transition within the district office. The resignation of the assistant superintendent, retirement of the superintendent, and transition to an interim superintendent made building administrators, district staff, and Board of Education work collaboratively in order to maintain and effectively move forward with educational programming.

The child study team continues to provide support to both the individual students and the staff of the Career and Technical High School. The Career and Technical High School continues to serve and expand students with special needs in its Career Orientation program as well as integration into many of its CTE programs. The Career Orientation program continues to grow and offer more programming for its students. The Transitional Career Program (TCP) has expanded its partnership between the Special Services District and the Salem County Vocational- Technical School. There are currently seven classes being hosted at the CTHS after school.

The adult education center that provides post-secondary training in the areas of allied health and cosmetology has relocated to Salem Community College to allow for increased enrollment and to meet facility needs. The post secondary cosmetology program has become a CHI professional school, partnering with CHI. The ultimate goal is to create public awareness of available offerings and increase enrollment to capacity by fall of 2015. CTHS students in allied health received CNA through the adult education program. Adult Basic skills reviewed and researched what educational classes were needed in order to meet the new GED test that will be implemented in January 2014.

Continued focus on instruction and teacher effectiveness through professional development and teacher evaluation continued to be an initiative within the district. The Danielson model was chosen for teacher evaluation and professional development was given to administration as to its use. Full implementation of this model took place during the 2012-2013 school year.

A continuing trend at the CTHS is the growth that continues to occur. 2012-2013 saw the receipt of the most student applications ever received and the CTHS welcomed the largest freshman class ever with over 150 students on a waiting list. The 2012-2013 graduation rate was 98% with an 82% college placement. An ongoing initiative is to develop and implement strategies to accept more students at the CTHS and improve standardized test scores.

Physical plant initiatives for the 2012-2013 school year were minimal. The one major initiative was an upgrade in technology whereas the CTHS became wireless building- wide with the addition of multiple routers being installed throughout the building. The physical plant continued to be monitored in regards to the major Energy Savings Improvement Project that was completed in 2012. This monitoring and analyses will continue in 2013-2014.

4. **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining internal control designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with the generally accepted accounting principles (GAAP). Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal awards and state financial assistance, the District also is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. This internal control process is also subject to periodic evaluation by the District's management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

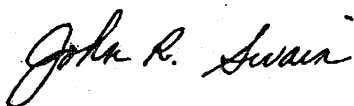
5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of School Estimates. Annual appropriated budgets are adopted for the general fund and the special revenue fund and the debt service fund. The final budget amount as amended for fiscal year 2014 is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year end are either cancelled or are included as re-appropriation of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance at June 30, 2014.

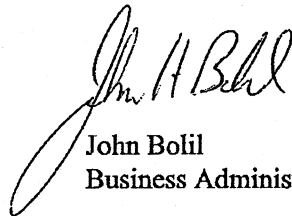
6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to Financial Statements", Note 2.
7. **CASH MANAGEMENT:** The investment procedure of the District is guided in large part by state statute as detailed in "Notes to the Financial Statement", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.
8. **RISK MANAGEMENT:** The Board participated in Gloucester, Cumberland, and Salem School Districts Joint Insurance Fund and carries various forms of insurance, including, but not limited to, commercial general liability, commercial catastrophic liability and comprehensive/collision, commercial property on all property and contents, commercial inland marine, school board legal liability, worker's compensation and fidelity bonds.

9. **OTHER INFORMATION:** Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. Raymond Colavita, C.P.A., R.M.A. of Nightlinger, Colavita & Volpa, P.A. was selected by the Board's audit committee. In addition to meeting the requirements set forth in the state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 as amended by the Single Audit Act Amendments of 1996 and related OMB Circular A-133 and State Treasury Circular Letter 04-04 OMB. The auditor's report on the basic financial statements and supplementary schedules of expenditures of federal awards and state financial assistance is included in the financial section of this report.
10. **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Special Services School District and Vocational School District of the County of Salem for their concern in providing fiscal accountability to the citizens and taxpayers of the School District and thereby continuing their full support to the development and maintenance of our financial operation. The presentation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

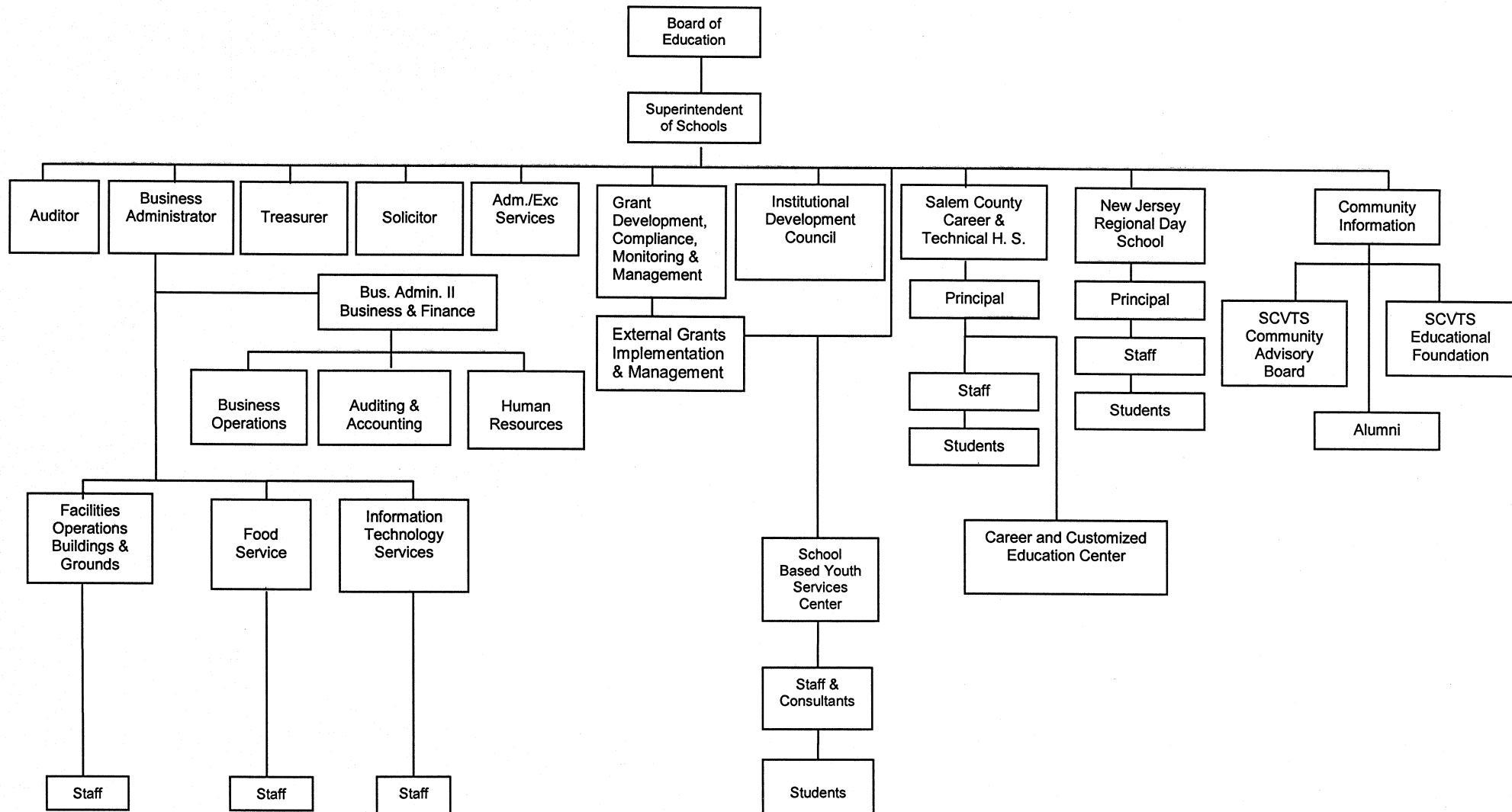


John R. Swain  
Superintendent of Schools



John Bolil  
Business Administrator

SCVTS  
Administrative and Organizational Design  
Overall Organizational Structure





**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**WOODSTOWN, NEW JERSEY**

**ROSTER OF OFFICIALS**

**JUNE 30, 2014**

<b><u>MEMBERS OF THE BOARD OF EDUCATION</u></b>	<b><u>TERM EXPIRES</u></b>
David Moffett, President	2015
Earl Ransome, Vice President	2016
James Davis	2014
Nicole Stemberger, ex officio	2014
Linwood Donelson III	2016
Mary Cummings	2015
Richard Stepura - Executive County Superintendent of Schools	2014
 <b><u>OTHER OFFICIALS</u></b>	 <b><u>Surety Bond</u></b>
John R. Swain, Superintendent	
John Bolil, Board Secretary/Business Administrator (From December 2013)	\$ 50,000
Treasurer	150,000

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

Raymond Colavita, CPA, RMA  
Nightlinger, Colavita and Volpa, P.A.  
P.O. Box 799  
Williamstown, New Jersey 08094

**BROKER OF RECORD**

Gloucester, Cumberland, Salem School Districts  
Joint Insurance Fund

**MEDICAL INSPECTOR**

Woodstown Family Practice  
Woodstown, NJ

**OFFICIAL DEPOSITORY**

Fulton Bank  
1 South Main Street  
Woodstown, New Jersey 08098

**SOLICITOR**

Mark Toscano, Esq.  
Comegno Law Group, P.C.  
521 Pleasant Valley Avenue  
Moorestown, New Jersey 08057

## **FINANCIAL SECTION**

# NIGHTLINGER, COLAVITA & VOLPA

*A Professional Association*

*Certified Public Accountants*

991 S. Black Horse Pike  
P.O. Box 799  
Williamstown, NJ 08094

(856) 629-3111  
Fax (856) 728-2245

November 20, 2014

## **INDEPENDENT AUDITOR'S REPORT**

Honorable President and  
Members of the Board of Education  
Salem County Vocational Technical School District  
County of Salem, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Salem County Vocational Technical School District in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2014, which collectively comprise the Salem County Vocational Technical School District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Salem County Vocational Technical Board of Education in the County of Salem, State of New Jersey, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

The Management Discussion and Analysis and Budgetary Comparison Information on pages 12 through 19 and 54 through 57 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Salem County Vocational Technical Board of Education's financial statements as a whole. The introductory section, combining fund financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* respectively, and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and the schedules of federal awards and state assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 20, 2014 on our consideration of the Salem County Vocational Technical Board of Education's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governments Auditing Standard and should be considering in assessing the results of our audit.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, P.A.**



Raymond Colavita, C.P.A., R.M.A.  
Licensed Public School Accountant  
No. 915

**REQUIRED SUPPLEMENTARY INFORMATION – PART I**

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

The Management's Discussion and Analysis (MD&A) of Salem County Vocational Technical School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performances as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key highlights for the fiscal year ended June 30, 2014 are as follows:

- The School District had \$11,939,183 in expenses; \$5,034,334 of these expenses was offset by program specific charges for services, and operating grants and contributions.
- The total assets of the School District exceeded total liabilities by \$9,032,219 (net position).
- Among major funds, the General Fund had \$8,559,077 in revenues and \$8,525,839 in expenditures.

**Overview of the Financial Statements**

The financial section of this annual report consists of two parts: Part I, management's discussion and analysis (this section), the basic financial statements with the accompanying note disclosures; and Part II, budgetary comparison schedules, notes to the required supplementary information and other supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

- The first two statements, Exhibit A-1 and A-2, are government-wide financial statements that provide both long-term and short-term information about the School District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School District's operations in more detail than the government-wide statements.

The governmental fund statements tell how general government services were financed in the short-term as well as what remains for future spending.

Proprietary fund statements offer short-term and long-term financial information about those types of activities that operate like a business.

Fiduciary fund statements provide information about the financial relationships in which the School District acts as a trustee or agent for the benefit of others, to whom the resources belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The statements are followed by another section, Part II that contains required supplementary information that further explains and supports the information in the financial statements including: budget schedules, reconciliations and individual fund statements.



**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Cont'd)**

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

The Statement of Net Position and the Statement of Activities include all assets and liabilities of the School District using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental and business – type activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and special schools.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

The Fund financial reports provide detailed information about the School District's major funds. The School District uses several funds to account for a variety of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Special Revenue Fund and the Capital Projects Fund; the School District has no Debt Service Fund or Permanent Fund.

**Governmental Funds**

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual basis of accounting; which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Cont'd)**

**The School District as a Whole**

The Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's Net Position for the fiscal years ended June 30, 2014 and 2013.

**Table 1  
Net position**

	6/30/2014	6/30/2013
<b>Assets</b>		
Current and Other Assets	\$ 2,040,660	\$ 2,010,912
Capital Assets	10,392,969	10,596,190
Total Assets	\$ 12,433,629	\$ 12,607,102
<b>Liabilities</b>		
Other Liabilities	\$ 693,155	\$ 935,093
Long-Term Liabilities	2,738,476	2,885,099
Total Liabilities	\$ 3,431,631	\$ 3,820,192
<b>Net Assets</b>		
Invested in Capital Assets Net of Related Debt	\$ 7,627,048	\$ 7,702,906
Restricted	588,594	667,247
Unrestricted	816,577	416,757
Total Net Position	\$ 9,032,219	\$ 8,786,910

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Cont'd)**

Table 2 shows a summary of changes in net position for fiscal years ended June 30, 2014 and 2013.

<b>Table 2 Changes in Net Position</b>			<b>6/30/2014</b>	<b>6/30/2013</b>
<b>Revenues</b>				
Program Revenues				
Charges for Services	\$	2,868,077	\$	3,101,873
Operating Grants & Contributions		2,166,257		2,906,879
General Revenues				
County of Salem Budget Appropriation		1,792,900		1,792,900
Federal and State Grants Restricted		4,631,699		4,638,225
Miscellaneous Income		60,072		25,174
Total Revenues	\$	11,519,005	\$	12,465,051
<b>Expenses</b>				
Instruction				
Regular	\$	1,392,817	\$	1,652,817
Vocational		3,058,443		2,834,358
School Sponsored Co curricular		21,868		28,120
Student Services				
Attendance & Social Work		75,312		73,835
Health Services		56,496		55,242
Students - Regular		1,282,486		1,675,738
Improvement of Instruction Services		135,650		148,632
Educational Media/School Library		219,420		175,315
General Administration		259,662		263,041
School Administration		260,038		255,654
Central Services		279,719		304,308
Operation and Maintenance of Plant		852,937		925,595
Student Transportation Services		13,134		15,056
Unallocated Benefits		1,453,811		1,871,773
Unallocated Depreciation		1,452,642		640,385

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Cont'd)**

**Table 2  
Changes in Net Position Continued**

	6/30/2014	6/30/2013
Food Service	\$ 262,300	\$ 226,700
Regional Day School	588,610	1,120,210
Summer Enrichment Program	32,885	60,888
BCCEC/ETTC	183,126	286,422
Transitional Production Workshop		145
Consolidated Services		313,748
The Learning Center	57,827	62,749
<b>Total Expense Business-Type</b>	<b>\$ 1,124,748</b>	<b>\$ 2,070,862</b>
<b>Total Expenses</b>	<b>\$ 11,939,183</b>	<b>\$ 12,990,731</b>
<b>Increase (Decrease) in Net Position</b>	<b>(420,178)</b>	<b>(525,680)</b>
<b>Adjustment to Fixed Assets</b>	<b>665,487</b>	
<b>Beginning Net Position</b>	<b>8,786,910</b>	<b>9,312,590</b>
<b>Ending Net Position</b>	<b>\$ 9,032,219</b>	<b>\$ 8,786,910</b>

**Governmental Activities**

In 2013-2014 Governmental-Type Activities revenues were \$10,055,765 or 87.29% of total revenues.

In 2012-2013 Governmental-Type Activities revenues were \$10,292,730 or 82.57% of total revenues

In 2013-2014 the County of Salem Budget Appropriation made up 17.87% of Governmental-Type Activities revenue. In 2012-2013 the County of Salem Budget Appropriation made up 17.42% of Governmental-Type Activities revenue.

In 2013-2014 Federal and State Aid unrestricted revenue made up 71.42% of Governmental-Type Activities revenue. In 2012-2013 Federal and State Aid unrestricted revenue made 71.84% of Governmental-Type Activities revenue.

Governmental-Type Activities expenditures decreased by \$160,005 from 12-13 to 13-14.

On-behalf pension contributions from the state decreased by \$89,810 from 12-13 to 13-14.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Cont'd)**

**Business-Type Activities**

In 2013-2014 Business-Type Activities revenues were \$1,463,240 or 12.70% of total revenues. In 2012-2013 Business-Type Activities revenues were \$2,172,312 or 17.43% of total revenues.

Charges for Services for Business-Type Activities were \$1,341,876 in 2013-2014 compared to \$2,074,883 in 2012-2013, which is a 35.32% decrease. This decrease was anticipated by the School District.

Expenses for Business-Type Activities were \$1,124,748 in 2013-2014 compared to \$2,070,862 in 2012-2013, which is a 45.69% decrease. This decrease was also anticipated by the School District.

**The School District's Funds**

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,055,733 and expenditures of \$10,082,947. The net change in fund balance for the year in the General Fund, Special Revenue Fund, and Capital Projects Fund resulted in a decrease of \$27,214. This decrease can be attributable mostly to increases in capital project expenditures

**General Fund Budgeting Highlights**

The School District's budget is prepared in accordance with New Jersey law. The most significant budgeted fund is the General Fund.

During the course of the 2013-2014 year, the School District modified its General Fund budget line items numerous times. The net change in the total budget modification was the rollover of the prior year's encumbrances, in the amount of \$42,920.

For the General Fund, the original revenue amount budgeted on Exhibit C-1 was \$8,030,349 and there was an adjustment in the amount of \$7,090. This excludes fund balance appropriated in the amount of \$28,148. The actual revenue received was \$8,559,693.

During the 2013-2014 year, the School District budgeted \$1,792,900 for county tax and \$4,594,604 for state aid revenues, respectively. The School District also received \$593,060 in reimbursed TPAF Social Security Aid, TPAF Pension Contributions and Anti-Bullying Aid.

The final budget basis expenditure appropriation estimate was \$8,108,507 compared to the original estimate of \$8,058,497.

There was a positive variance in expenditures of \$173,648, excluding reimbursed TPAF Social Security Aid and TPAF Pension Contributions of \$590,980,

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Cont'd)**

**Capital Assets**

At the end of the fiscal year 2014, the School District had \$10,392,969 (Net of Depreciation) invested in buildings, furniture and equipment.

Table 3 shows a summary of the fiscal years ended June 30, 2014 and 2013.

**Table 3**

	6/30/2014	6/30/2013
Land	\$ 391,928	\$ 109,143
Land Improvements	590,511	
Construction in Progress	289,593	228,525
Buildings & Improvements	8,354,456	9,874,427
Equipment & Furniture	766,481	384,095
<b>Total</b>	<b>\$ 10,392,969</b>	<b>\$ 10,596,190</b>

**Debt Administration**

The County of Salem provides for most debt administration of the School District.

During the 09-10 school year, the district approved an Energy Savings Lease Purchase in the amount of \$3,190,699, which was refinanced in 2013-14, resulting in a balance at June 30, 2014 of \$ 2,796,142. Interest is payable at 3%, which replaced the previous interest rate of 4.74%.

**Current Financial Issues and Concerns**

The School District has a long record of financial stability. Despite unpredictable funding from the State of New Jersey, the Salem County Vocational Technical School District provides a full range of educational services for the residents of Salem County. These services include career orientation, career and technical education, specialized arts, science and technology programs, and special education programs. A complete array of post-secondary, community and continuing education courses and programs are offered.

The School District continues to be successful in generating revenues through services and/or enterprises that are offered by the School District. Some of these revenues were generated through numerous enterprise activities that included the operation of a Business, a Corporate, and Customized Education Center. However, it has often been very difficult to operate within the parameter (box) that has been created under the CEIFA funding formula as amended for school districts. The most restrictive aspect of this formula is the limitation of unreserved fund balance of surplus to a maximum of 6%. Because of the nature of the School District's budget; services, programs, and the business-like manner in which the School District is operated, the unreserved balance is key to fiscal flexibility and to the School District's ability to provide funds for student services and programs prior to conventional revenue sources being available. This also has an impact on the School District's ability to apply for and receive grants. Budget issues and budget constraints will continue to be a concern, especially as enrollments fluctuate.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Cont'd)**

**Current Financial Issues and Concerns Cont'd**

The School District's budget has moderately increased over the last several years. The 2009-10 budget reflected a spending plan of \$7,261,433, compared to the 2013-14 budget of contemplates spending \$8,058,497, an increase of 10.97% over six years. The increases are the result of salary increases, addition to staff resulting from increasing enrollments, and significant cost increases for health benefits and property insurance.

Enrollments have been increasing steadily at the School District, from 462 in 2005 to 884 in 2013-14.

The Salem County Vocational Technical School District expects continued enrollment growth and is committed to providing an excellent career and technical education opportunities to every student in Salem County who chooses to attend the School District. The School District is committed to providing excellent facilities and equipment. The Board believes that the schools have an excellent teaching staff and support personnel and that Salem County Vocational Technical School District is in a position to be a leading provider of a career and technical education in the 21<sup>st</sup> Century. Finally, the board is committed to financial excellence and stability.

**Contacting the School District's Financial Management**

These financial reports are designed to provide our citizens, taxpayers and creditors with a general overview of the School District's finances and to show the accountability for money received from the state and local government. If you have questions about this report or need additional information, contact John R. Swain, Superintendent of Schools at Salem County Vocational Technical Schools, 880 Route 45, Box 350, Woodstown, New Jersey 08098 or email [jswain@scvts.org](mailto:jswain@scvts.org).

## **BASIC FINANCIAL STATEMENTS**



## **DISTRICT WIDE FINANCIAL STATEMENTS**

The statement of net position and the statement of activities display information about the District.

These statements include the financial activities of the overall District, except for fiduciary activities.

Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Statement of Net Position  
June 30, 2014

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Cash Equivalents	\$ 149,100	\$ 618,444	\$ 767,544
Receivables, net	928,846	335,277	1,264,123
Inventories		8,993	8,993
Capital Assets, net (Note 6):	10,392,969		10,392,969
<b>Total Assets</b>	<b>11,470,915</b>	<b>962,714</b>	<b>12,433,629</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Deferred Loss on Refinancing of Capital Lease	30,221		30,221
<b>LIABILITIES:</b>			
Accounts Payable	75,437	24,467	99,904
Cash Overdraft	293,874		293,874
Unearned Revenue	72,039	31,078	103,117
Accrued Interest	27,306		27,306
Noncurrent Liabilities (Note 7):			
Due within One Year	168,954		168,954
Due beyond One Year	2,723,662	14,814	2,738,476
<b>Total Liabilities</b>	<b>3,361,272</b>	<b>70,359</b>	<b>3,431,631</b>
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	7,627,048		7,627,048
Restricted for:			
Excess Surplus	285,677		285,677
Capital Reserve	12,200		12,200
Capital Projects	290,717		290,717
Other Purposes	31,277		31,277
Unrestricted (Deficit)	(107,055)	892,355	785,300
<b>Total Net Position</b>	<b>\$ 8,139,864</b>	<b>\$ 892,355</b>	<b>\$ 9,032,219</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2014

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities
<b>Governmental Activities:</b>					
Instruction:					
Regular Instruction	\$ 1,392,817		\$ 480,478	\$ (912,339)	\$ (912,339)
Regular Vocational	3,058,443	\$ 1,526,201		(1,532,242)	(1,532,242)
School Sponsored Co/Extracurricular Activities	21,868			(21,868)	(21,868)
Undistributed Expenditures and Support Services:					
Attendance & Social Work	75,312			(75,312)	(75,312)
Health Services	56,496			(56,496)	(56,496)
Students - Regular	1,282,486		973,435	(309,051)	(309,051)
Improvement of Instruction Services	135,650			(135,650)	(135,650)
Educational Media/School Library	219,420			(219,420)	(219,420)
General Administration	259,662			(259,662)	(259,662)
School Administration	260,038			(260,038)	(260,038)
Central Services	279,719			(279,719)	(279,719)
Operation and Maintenance of Plant Services	852,937			(852,937)	(852,937)
Student Transportation Services	13,134			(13,134)	(13,134)
Unallocated Benefits	1,453,811		590,980	(862,831)	(862,831)
Unallocated Depreciation	1,452,642			(1,452,642.00)	(1,452,642.00)
<b>Total Governmental Activities</b>	<b>10,814,435</b>	<b>1,526,201</b>	<b>2,044,893</b>	<b>(7,243,341)</b>	<b>(7,243,341)</b>
<b>Business-Type Activities:</b>					
Food Service	262,300	165,781	121,364		24,845
Salem Campus	588,610	521,970			(66,640)
Summer Enrichment Program	32,885	5,876			(27,009)
BCCEC/ETTC	183,126	615,374			432,248
The Learning Center	57,827	32,875			(24,952)
<b>Total Business-Type Activities</b>	<b>1,124,748</b>	<b>1,341,876</b>	<b>121,364</b>		<b>338,492</b>
<b>Total Primary Government</b>	<b>\$ 11,939,183</b>	<b>\$ 2,868,077</b>	<b>\$ 2,166,257</b>	<b>(7,243,341)</b>	<b>338,492</b>
<b>General Revenues:</b>					
County of Salem Budget Appropriation				1,792,900	1,792,900
Federal and State Aid Restricted				4,631,699	4,631,699
Miscellaneous Income				60,040	60,072
<b>Total General Revenues</b>				<b>6,484,639</b>	<b>6,484,671</b>
<b>Change in Net Assets</b>				<b>(758,702)</b>	<b>338,524</b>
<b>Adjustment to Fixed Assets</b>				<b>1,483,582</b>	<b>(818,095)</b>
<b>Net Position -- July 1</b>				<b>7,414,984</b>	<b>1,371,926</b>
<b>Net Position -- June 30</b>				<b>\$ 8,139,864</b>	<b>\$ 892,355</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund.

## **GOVERNMENTAL FUNDS**

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Balance Sheet  
Governmental Funds  
June 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 4,272	\$ -	\$ 291,289	\$ 295,561
Accounts Receivable:				
State Government	11,541	90,483		102,024
Federal Government		336,683		336,683
Other	490,139			490,139
Interfund Accounts Receivable	134,473			134,473
<b>Total Assets</b>	<b>\$ 640,425</b>	<b>\$ 427,166</b>	<b>\$ 291,289</b>	<b>\$ 1,358,880</b>
<b>LIABILITIES AND FUND BALANCES:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 60,332	\$ 13,780	\$ -	\$ 74,112
Cash Overdraft		149,100		149,100
Interfund Payable	234,214	192,247	572	427,033
Unearned Revenue		72,039		72,039
<b>Total Liabilities</b>	<b>294,546</b>	<b>427,166</b>	<b>572</b>	<b>722,284</b>
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Capital Reserve Account	12,200			12,200
Excess Surplus	28,249			28,249
Excess Surplus - Designated For Subsequent Year's Expenditures	257,428			257,428
<b>Committed to:</b>				
Year-End Encumbrances	31,277		64,941	96,218
<b>Unassigned, Reported In:</b>				
General Fund	16,725			16,725
Capital Projects Fund			225,776	225,776
<b>Total Fund Balances</b>	<b>345,879</b>		<b>290,717</b>	<b>636,596</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 640,425</b>	<b>\$ 427,166</b>	<b>\$ 291,289</b>	
<b>Amounts reported for governmental activities in the statement of Net Position (A-1) are different because:</b>				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$19,959,913 and the accumulated depreciation is \$9,566,944				10,392,969
Deferred Outflow of Resources - Deferred Amount on Refinanced Debt.				30,221
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.				(2,919,922)
<b>Net Position of governmental activities</b>				<b>\$ 8,139,864</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2014

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES:</b>				
County of Salem Budget Appropriation	\$ 1,792,900	\$	\$	\$ 1,792,900
Tuition Charges	1,526,201			1,526,201
Miscellaneous	52,312	7,112	616	60,040
State Sources	5,187,664	405,674		5,593,338
Federal Sources		1,083,254		1,083,254
<b>Total Revenues</b>	<b>8,559,077</b>	<b>1,496,040</b>	<b>616</b>	<b>10,055,733</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Regular Instruction	895,882	480,478		1,376,360
Regular Vocational	2,960,765			2,960,765
School Sponsored Co/Extracurricular Activities	21,868			21,868
<b>Undistributed Expenditures and Support Services:</b>				
Attendance & Social Work	75,312			75,312
Health Services	56,496			56,496
Students - Regular	309,051	973,435		1,282,486
Improvement of Instruction Services	135,650			135,650
Educational Media/School Library	219,420			219,420
General Administration	256,146			256,146
School Administration	260,038			260,038
Central Services	278,092			278,092
Operation and Maintenance of Plant Services	851,069			851,069
Student Transportation Services	13,134			13,134
Unallocated Benefits	1,462,403			1,462,403
On Behalf Contributions	590,980			590,980
Capital Outlay	139,533	42,127	61,068	242,728
<b>Total Expenditures</b>	<b>8,525,839</b>	<b>1,496,040</b>	<b>61,068</b>	<b>10,082,947</b>
<b>Excess (Deficiency) of Revenues over Expenditures</b>	<b>33,238</b>	<b>-</b>	<b>(60,452)</b>	<b>(27,214)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Interest Transferred from Capital Projects Fund	616		(616)	
<b>Total Other Financing Sources and Uses</b>	<b>616</b>		<b>(616)</b>	
<b>Net Change in Fund Balances</b>	<b>33,854</b>		<b>(61,068)</b>	<b>(27,214)</b>
<b>Fund Balance (Deficit) -- July 1</b>	<b>312,025</b>		<b>351,785</b>	<b>663,810</b>
<b>Fund Balance (Deficit) -- June 30</b>	<b>\$ 345,879</b>	<b>\$ -</b>	<b>\$ 290,717</b>	<b>\$ 636,596</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Fiscal Year Ended June 30, 2014

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Total Net Change in Fund Balances - Governmental Funds	\$ (27,214)
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Amounts reported for governmental activities in the Statement  
of Activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of  
Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.  
This is the amount by which capital outlays exceeded depreciation in the period.

Depreciation Expense	\$ (981,744)	
Capital Outlays	<u>113,738</u>	
		(868,006)

In the Statement of Activities, interest expense on debt service is accrued, while only payments are charged as expenditures in the budget basis financial statements	563
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In the Statement of Activities, Amortization of the Deferred Loss on Refinanced Debt is expensed, regardless of when the Debt was Refinanced	(702)
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Repayment of Capital Lease Principal is an Expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the statement of Net Position and is not reported in the Statement of Activities. Capital Lease Principal	128,065
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In the Statement of Activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).	<u>8,592</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (758,702)</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.



## **PROPRIETARY FUNDS**

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Statement of Net Position  
Proprietary Funds  
June 30, 2014

	Business Type Activities- Enterprise Funds							
	Food Service	Regional Day School	The Learning Center	Summer Enrichment Program	BCCEC/ ETTC Program	Transitional Production Workshop	School Based Youth Services	Total
<b>ASSETS:</b>								
Current Assets:								
Cash and Cash Equivalents	\$ 79,176	\$ 34,394	\$ (2,090)	\$ 51,262	\$ 136,517	\$ 10,847	\$ 17,103	\$ 327,209
Accounts Receivable:								
State	318							318
Federal	8,866							8,866
Other	369		2,090		323,634			326,093
Interfund					311,085			311,085
Inventories	8,993							8,993
Total Current Assets	97,722	34,394		51,262	771,236	10,847	17,103	982,564
Noncurrent Assets:								
Site Improvements								
Building								
Equipment								
Accumulated Depreciation								
Total Noncurrent Assets								
Total Assets	97,722	34,394		51,262	771,236	10,847	17,103	982,564
<b>LIABILITIES:</b>								
Current Liabilities:								
Accounts Payable					24,467			24,467
Due to Current Fund	19,850							19,850
Unearned Revenue	2,765				28,313			31,078
Compensated Absences Payable		14,814						14,814
Total Current Liabilities	22,615	14,814			52,780			90,209
Net Position:								
Unrestricted	75,107	19,580		51,262	718,456	10,847	17,103	892,355
Total Net Position	\$ 75,107	\$ 19,580		\$ 51,262	\$ 718,456	\$ 10,847	\$ 17,103	\$ 892,355

The accompanying Notes to the Financial Statements are an integral part of this statement.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Propriety Funds  
Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2014

	Business Type Activities- Enterprise Funds							
	Food Service	Regional Day School	The Learning Center	Summer Enrichment Program	BCCEC/ ETTC Program	Transitional Production Workshop	School Based Youth Services	Total
<b>OPERATING REVENUES:</b>								
Charges for Services:								
Daily Sales - Reimbursable Programs	\$ 101,876	\$	\$	\$	\$	\$	\$	\$ 101,876
Daily Sales - Non-Reimbursable Programs	63,905							63,905
Tuition		521,970	32,875	5,876				560,721
Other Revenue					615,374			615,374
<b>Total Operating Revenues</b>	<b>165,781</b>	<b>521,970</b>	<b>32,875</b>	<b>5,876</b>	<b>615,374</b>			<b>1,341,876</b>
<b>OPERATING EXPENSES:</b>								
Salaries	112,628	571,128	56,269	28,803	96,212			865,040
Employee Benefits				4,082				4,082
Cost of Sales	143,993							143,993
Purchased Educational Services					13,592			13,592
Purchased Technical Services		9,185			250			9,435
Cleaning, Repair & Maintenance					20,000			20,000
Travel	61				1,237			1,298
Rental					20,000			20,000
Other Purchased Services	5,618				1,680			7,298
General Supplies					13,677			13,677
Utilities		8,297	1,558					9,855
Textbooks					16,452			16,452
Miscellaneous					26			26
<b>Total Operating Expenses</b>	<b>262,300</b>	<b>588,610</b>	<b>57,827</b>	<b>32,885</b>	<b>183,126</b>			<b>1,124,748</b>
<b>Operating Income / (Loss)</b>	<b>(96,519)</b>	<b>(66,640)</b>	<b>(24,952)</b>	<b>(27,009)</b>	<b>432,248</b>			<b>217,128</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>								
State Sources:								
State School Lunch Program	2,581							2,581
Federal Sources:								
Food Distribution Program	16,466							16,466
National School Lunch Program	85,651							85,651
National School Breakfast Program	16,666							16,666
Interest and Investment Revenue	32							32
<b>Total Non-operating Revenues (Expenses)</b>	<b>121,396</b>							<b>121,396</b>
<b>OTHER FINANCING USES:</b>								
Change in Net Position	24,877	(66,640)	(24,952)	(27,009)	432,248			338,524
Loss on Disposal of Fixed Assets		(818,095)						(818,095)
Transfer		(24,952)	24,952					
<b>Net Position -- July 1</b>	<b>50,230</b>	<b>929,267</b>		<b>78,271</b>	<b>286,208</b>	<b>10,847</b>	<b>17,103</b>	<b>1,371,926</b>
<b>Net Position -- June 30</b>	<b>\$ 75,107</b>	<b>\$ 19,580</b>	<b>\$ -</b>	<b>\$ 51,262</b>	<b>\$ 718,456</b>	<b>\$ 10,847</b>	<b>\$ 17,103</b>	<b>\$ 892,355</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Proprietary Funds  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2014

	Business Type Activities- Enterprise Funds							
	Food Service	Regional Day School	The Learning Center	Summer Enrichment Program	BCCEC/ ETTC Program	Transitional Production Workshop	School Based Youth Services	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts from Customers	\$ 163,467	\$ 1,131,545	\$ 33,915	\$ 5,876	\$ 125,911	\$ -	\$ -	\$ 1,460,714
Payments to Employees	(112,628)	(571,128)	(56,269)	(28,803)	(96,212)			(865,040)
Payments for Employee Benefits				(4,082)				(4,082)
Payments to Suppliers	(130,614)	(42,697)	23,394		(62,447)			(212,364)
Net Cash Provided by (used for) Operating Activities	(79,775)	517,720	1,040	(27,009)	(32,748)			379,228
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:								
State Sources	2,581							2,581
Federal Sources	118,783							118,783
Net Cash Provided by (used for) Non-Capital Financing Activities	121,364							121,364
CASH FLOWS FROM INVESTING ACTIVITIES:								
Interest and Dividends	32							32
Net Cash Provided by (used for) Investing Activities	32							32
Net Increase (Decrease) in Cash and Cash Equivalents	41,621	517,720	1,040	(27,009)	(32,748)			500,624
Cash and Cash Equivalents -- July 1	37,555	(483,326)	(3,130)	78,271	169,265	10,847	17,103	(173,415)
Cash and Equivalents -- June 30	\$ 79,176	\$ 34,394	\$ (2,090)	\$ 51,262	\$ 136,517	\$ 10,847	\$ 17,103	\$ 327,209
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:								
Operating Income (Loss)	(96,519)	(66,640)	(24,952)	(27,009)	432,248			217,128
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:								
Transfer		(24,952)	24,952					
Changes in Assets and Liabilities:								
Accounts Receivable (Increase)/Decrease	(3,457.00)	609,575.00	1,040.00		(498,669.00)			108,489.00
Inventory (Increase)/Decrease	(515.00)							(515.00)
Accounts Payable Increase/(Decrease)		(263.00)			24,467.00			24,204.00
Deferred Revenue Increase/(Decrease)	1,658.00				9,206.00			10,864.00
Compensated Absences Payable Increase/(Decrease)								
Due to General Fund Increase/(Decrease)	19,058.00							19,058.00
Net Cash Provided by (used for) Operating Activities	\$ (79,775)	\$ 517,720	\$ 1,040	\$ (27,009)	\$ (32,748)	\$ -	\$ -	\$ 379,228

The accompanying Notes to the Financial Statements are an integral part of this statement.

## **FIDUCIARY FUNDS**

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2014

	Agency Funds	
	Student Activity	Payroll
ASSETS:		
Cash and Cash Equivalents	\$ 21,910	\$ 5,594
Due From General Fund		1,325
Total Assets	<u>\$ 21,910</u>	<u>\$ 6,919</u>
LIABILITIES:		
Payable to Student Groups	\$ 21,910	
Payroll Deductions and Withholdings		\$ 6,919
Total Liabilities	<u>\$ 21,910</u>	<u>\$ 6,919</u>

The accompanying Notes to the Financial Statements are an integral part of this statement.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

**A. Reporting Entity:**

The Salem County Vocational Technical School District (hereafter referred to as the "School District") is a Type I district located in the County of Salem, State of New Jersey. The Board is comprised of eight members; seven of them are appointed to four-year terms by the Salem County Board of Chosen Freeholders and one is a statutory appointment. The terms are staggered so that at least one member's term expires each year. The purpose of the School District is to provide a full range of educational services for the residents of Salem County. The School District had an approximate enrollment at June 30, 2014 of 897 students.

The Agency is considered to be a "Component Unit" of the County Of Salem under GAAP. This determination is based on the oversight responsibility of the County, which manifests itself primarily in the selection of District Board members, the accountability on fiscal matters, the approval for debt authorizations and the determination of county tax provided by the county.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is the degree of oversight responsibility maintained by the School District. Oversight responsibility includes financial interdependency, selection of governing authority designation of management, ability to significantly influence operations and accountability for fiscal matters. The combined financial statements include all funds of the School District over which the Board exercises operating control. There were no additional entities require to be include in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the School District is not includable in any other reporting entity on the basis of such criteria.

**Component Units** – GASB Statement No. 14, The Financial Reporting Entity, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No. 14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. The School District is a component unit of the County of Salem. These financial statements would be either blended or discreetly presented as part of the County's financial statements if the County reported using generally accepted accounting principles applicable to governmental entities. The following organization is considered a component unit of the School District; however, the School District has determined that it is not significant and, therefore, has not been included in the basic financial statements:

Salem County Vocational Technical School Foundation  
880 Route 45  
Woodstown, New Jersey 08098

Requests for financial information should be addressed to the organization listed above.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**New Accounting Standards:**

During fiscal year 2013, the district adopted the following GASB statements:

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**New Accounting Standards (Cont'd):**

- GASB 62, *Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.
- GASB 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this Statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effect in a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.
- GASB 65, *Items Previously reported as Assets and Liabilities*, although not required to be implemented until next year, the District elected to apply the statement to the current year financial statements. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items were previously reported as assets and liabilities and recognize, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

- GASB 66, *Technical Corrections-2012, an Amendment of GASB Statements 10 and 62*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions and No. 62, Codification of Accounting and Financial reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.
- GASB 67, *Financial Reporting for Pension Plans, an Amendment of GASB 25*, will be effective beginning with the year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision- useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 25, *Financial reporting for Deferred Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No.50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.
- GASB 68, *Accounting and Financial reporting for Pensions*, will be effective beginning with the year ending June 30, 2015. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions hat is provided by other state entities. This Statement replaces the requirements of Statement No.27, *Accounting for Pension Disclosures, and Local Governmental Employers*, as well as the requirements of Statement No.50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The District does not expect this Statement to impact its financial statements.



**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**New Accounting Standards (Cont'd):**

- GASB 69, *Government Combinations and Disposals of Government Operations*, is effective for periods beginning after December 15, 2013. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.
- GASB 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, is effective for periods beginning after June 15, 2013. This Statement's objective is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The amount of the liability to be recognized should be the discounted present value of the best estimate for the future outflows expected to be incurred as a result of the guarantee. When there is no best estimate but a range of the estimated future outflows can be established, the amount of the liability to be recognized should be the discounted present value of the minimum amount within the range. This Statement requires a government that has issued an obligation guaranteed in a nonexchange transaction to report the obligation until legally released as an obligor. This Statement also requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. When a government is released as an obligor, the government should recognize revenue as a result of being relieved of the obligation. This Statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. Management is currently evaluating the impact of the adoption of this Statement on the School District's financial statements although no impact is expected.

**A. Basis of Presentation:**

The financial statements of the Board of Education (Board) of Salem County Vocational Technical School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities, and to its proprietary funds, provided they do not conflict with or contradict GASB pronouncements. The more significant of the Board's accounting policies are described in this Note.

In June 1999, the Governmental Accounting Standards Board (GASB), unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement provides for the most significant change in financial reporting over twenty years and is scheduled for a phase-in implementation period (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). In addition, the school district has implemented GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus*, Statement No. 38, *Certain Financial Statement Note Disclosures* and GASB No. 54 *Fund Balance Reporting and Governmental Fund Type Descriptions*. The implementation of these statements had no effect on equity balances as previously reported.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**A. Basis of Presentation (Cont'd):**

The School District's basic financial statements consist of government-wide statements, including a statement of Net Position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

District-wide Statements: The statement of Net Position and the statement of activities display information about the School District as a whole. These statements include financial activities of the primary government, except for fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between those activities of the School District that are *governmental* and those that are considered *business-type activities*. Governmental activities generally are financed through county taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The statement of Net Position presents the financial condition of the governmental and business-type activities of the School District at the fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the business-type activity of the School District.

- Direct expenses are those that are specifically associated with a service, program or department and, therefore, are clearly identifiable to a particular function. The policy of the School District is to not allocate indirect expense to functions in the statement of activities.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and (c) contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is used to support a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements: During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary fund is reported by type. The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds, *governmental*, *proprietary*, and *fiduciary*. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting.

**B. Governmental Funds:**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources, rather than upon net income. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**B. Governmental Funds (Cont'd):**

**General Fund** - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment which are classified in the Capital Outlay sub-fund.

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those which result in the acquisition of or additions to capital assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment.

In addition to the capital outlay sub-fund, the School District is accountable for additional sub-funds resulting from federal legislation signed into law. This federal law requires the tracking and separate reporting of American Recovery and Reinvestment Act (ARRA) funds, if any. ARRA State Fiscal Stabilization Funds were provided to districts to be used for general fund expenses. In addition, the Education Jobs Fund Program will require an additional sub-fund to be used for expenses in accordance with the education jobs compliance supplement within the federal OMB 133.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, other than major capital projects, debt service, enterprise funds and local appropriations, legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by Proprietary Funds. The financial resources are derived from New Jersey Economic Development Authority grants, temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

**Permanent Fund** - The permanent fund is used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the School District's programs, that is, for the benefit of the School District or its students. The School District does not have a permanent fund.

**C. Proprietary Fund Type:**

Proprietary Funds are used to account for the School District's ongoing activities, which are similar to those found in the private sector.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**C. Proprietary Fund Type (Cont'd):**

**Enterprise Funds** - The Enterprise Funds are utilized to account for operations: (1) financed and operated in a manner similar to private businesses, where the intent of the School District is that the costs (expenses including depreciation) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, (2) where the School District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The School District's enterprise funds are:

**Food Service Fund** – This fund accounts for the financial transactions related to the food service operations of the School District.

**Salem Campus Special Service Fund** – This fund accounts for the financial activity that was under a contract with the N. J. Dept. of Education, designed to serve up to 100 multiple and or low incident disabled students from the Cumberland, Gloucester and Salem Counties, previously named Regional Day School Fund. This activity was transferred to the Salem County Special Services District.

**The Learning Center** – This fund accounts for the financial transactions related to the learning center operations provided by the school on a tuition basis.

**Summer Enrichment Program Fund** – This fund accounts for financial activity related to providing a six week summer program at the districts Regional Day School.

**Transitional Productions Workshop Fund** – This fund accounts for the financial activity related to the printing of brochures, newsletters and invitations. These services are provided to schools, businesses, and civic organizations. The workshop is offered through the Regional Day School to prepare students for entry careers in the duplicating and printing industries.

**Business and Corporate and Customized Education Center Fund / Educational Technology Training Center (BCCEC/ETTC)** – This fund accounts for the financial activity related to the professional development and technology training to school districts and employers in the greater Cumberland, Gloucester and Salem County communities.

**School Based Youth Services Center Fund** – This fund accounts for the financial activity related to services provided to at-risk in and out of school youth through programs at a teen center. Fees are provided by local K-12 school districts to support the program.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**C. Proprietary Fund Type (Cont'd):**

**Enterprise Funds (Cont'd)** - Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
Light Trucks and Vehicles	4 Years
Heavy Trucks and Vehicles	6 Years

**Fiduciary Funds** – Fiduciary fund reporting focuses on Net Position and changes in Net Position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Agency funds are used to account for assets held but the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and / or other funds (i.e., payroll and student activities). They are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has two fiduciary funds, which bare a student activity fund, and a payroll fund. A description of permitted fiduciary funds is a follows:

**Trust and Agency Funds** - The Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

**Expendable Trust Fund** - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. The district does not currently maintain an Expendable Trust Fund.

**Nonexpendable Trust Fund** - A Nonexpendable Trust Fund is used to account for assets held under the terms of a formal trust agreement, whereby the District is under obligation to maintain the trust principal. The District does not maintain a Nonexpendable Trust Fund.

**Agency Funds** - Agency funds are used to account for the assets that the District holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

**D. Measurement Focus:**

**District-wide Financial Statements** – The district-wide financial statements are prepared using the economic resources measurement focus. All assets and all liability associated with the operation of the School District are included on the statement of Net Position.

**Fund Financial Statements** – All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. All assets and all liabilities associated with the operation of these funds are included on the statement of Net Position. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Fund Financial Statements (Cont'd)** – Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of Net Position. The statement of changes in fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. Fiduciary funds are reported using the economic resources measurement focus.

**E. Basis of Accounting:**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

*District-wide, Proprietary and Fiduciary Fund Financial Statements:* The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under the New Jersey State Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available.

The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements:* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

In its accounting and financial reporting, the District follows the pronouncements of the Governmental Accounting Standards Board (GASB) and the pronouncements of the Financial Accounting Standards Board (FASB) and its predecessor organizations issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements. The District's proprietary funds have elected not to apply the standards issued by FASB after November 30, 1989.

The accrual basis of accounting is used for measuring financial position and operating results of proprietary fund types and nonexpendable trust funds. Under this method, revenues are recognized in the accounting period in which they are earned and expenses are recognized when they are incurred.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**E. Basis of Accounting (Cont'd):**

**Revenues – Exchange and Non-Exchange Transactions** – Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities for the current fiscal year. For the School District, available means expected to be received within thirty days of the fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include Ad Valorem (property) taxes, grants, entitlements, and donations. Ad Valorem (property) taxes are susceptible to accrual, as under New Jersey State Statute. A municipality is required to remit to its susceptible to accrual, as under New Jersey State Statute, a municipality is required to remit to its School Districts the entire balance of taxes in the amount voted upon or certified prior to the end of the school year. The School District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year since the revenue is both measurable and available. The school District is entitled to receive moneys under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". With the exception of the restricted formula aids recorded in the special revenue fund, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements which specify the fiscal year when the resources are required to be used or the year resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. Restricted formula aids, which include *Demonstrably Effective Program Aid*, and *Instructional Supplement Program Aid* are recorded in the special revenue fund in accordance with *The Audit Program* promulgated by the New Jersey Department of Education which requires that these grants be realized in an amount equal to program expenditure. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: tuition, grants, fees, and rentals.

**Expenses / Expenditures** – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense. Unused donated commodities are reported as deferred revenue. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in government funds.

**F. Budgets/Budgetary Control:**

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2 (m) 1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year in accordance with N.J.A.C. 6A:23A-2.13.3.



**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

The Board of Education did not make any material supplemental budgetary appropriations during the fiscal year.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the one or more June state aid payments for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The budget, as detailed on Exhibit C-1 and Exhibit C-2, includes all amendments to the adopted budget, if any.

Exhibit C-3 presents a reconciliation of the general fund revenues and special revenue fund revenues and expenditures from the budgetary basis of accounting as presented in the general fund budgetary comparison schedule and the special revenue fund budgetary comparison schedule to the GAAP basis of accounting as presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types. Note that the School District does not report encumbrances outstanding at fiscal year-end as expenditures in the general fund since the general fund budget follows modified accrual basis, with the exception of the revenue recognition policy for the one or more June state aid payments.

**G. Encumbrances:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the School District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.



**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**H. Cash, Cash Equivalents and Investments:**

Cash and cash equivalents, for all funds, include petty cash change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in public depositories unless such funds are secured in accordance with the Governmental Unit Deposit Protection Act ("GUDPA"), a multiple financial institutional collateral pool, which was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in or having a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units.

**I. Tuition Receivable:**

Tuition charges were established by the Board of Education based on contracts with the sending districts.

**J. Tuition Payable:**

There were no tuition charges or adjustments for the fiscal year under audit.

**K. Inventories:**

Inventories, which benefit future periods other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase rather than when consumed. Inventories recorded on the government-wide financial statements and in the proprietary fund types are recorded as expenditures when consumed rather than when purchased.

On district-wide financial statements and in the enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method.

**L. Prepaid Expenses:**

Prepaid expenses recorded on the government-wide financial statements and in the proprietary fund types, represent payments made to vendors for services that will benefit periods beyond June 30<sup>th</sup>.

In the governmental fund types, however, payments for prepaid items are fully recognized as an expenditure in the fiscal year of payment. No asset for the prepayment is created and no expenditure allocation to future accounting periods is required. This is consistent with the basic governmental concept that only expendable financial resources are reported by a specific fund.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**M. Short -Term Interfund Receivables/Payables:**

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year. These amounts are eliminated in the governmental business-type columns of the statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as interfunds receivable and/or interfunds payable.

**N. Capital Assets:**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of Net Position and the proprietary fund of the Net Position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market value as of the date received the School District maintains a capitalization threshold of \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<b><u>Description</u></b>	<b><u>Governmental Activities Estimated Lives</u></b>	<b><u>Business - Type Activities Estimated Lives</u></b>
Land Improvements	10-20 Years	N/A
Buildings and Improvements	10-50 Years	10-50 Years
Furniture and Equipment	5-20 Years	12 Years
Vehicles	5-10 Years	4-6 Years

**O. Deferred Expenditures:**

Deferred expenditures are disbursements that are made in one period, but are more accurately reflected as an expenditure / expense in the next fiscal period. Unlike prepaid expenses, deferred expenditures are not regularly recurring costs of operations.

**P. Accrued Salaries and Wages:**

Certain School District employees, who provide services to the School District over the ten-month academic year, have the option to have their salaries evenly disbursed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in separate bank accounts.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**Q. Compensated Absences:**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the District and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the District and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid with expendable available financial resources. In proprietary funds, the entire amount of compensated absences is recorded as a fund liability. The entire amount of compensated absences is reported on the government-wide financial statements.

**R. Unearned Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied and generally in the special revenue fund.

**S. Extraordinary and Special Items:**

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

**T. Comparative Data/Reclassifications:**

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the District's financial position and operations. Also, certain immaterial amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**U. Accrued Liabilities and Long-term Obligations:**

All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. All payables, accrued liabilities and long term obligations payable from the proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities, once incurred, are paid in a timely manner and in full from current financial resources as obligations of funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the fund financial statements when due.

**V. Net Position:**

Net Position represents the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**V. Net Position (Cont'd):**

Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position are available.

**W. Fund Balance Reserves:**

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. Fund balance reserves are established for encumbrances, legally restricted appropriations, tuition, excess surplus, capital reserve accounts, emergency reserves and debt service reserves. Effective in the 2011-12 fiscal year, June 30, 2012 fund balances are to be categorized as Restricted, Committed, Assigned or Unassigned, in accordance with GASB 54.

**X. Management Estimates:**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimates.

**Y. Operating and Non- Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service program, tuition for the Regional Day School and Summer Enrichment Programs, fees for training and educational programs for the BCCEC/ETTC Program and the School Based Youth Services Program, and fees collected from other Districts regarding coordinated services for the Consolidated Services Fund. Non-operating revenues principally consist of interest income earned on various interest-bearing accounts.

Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. Non-operating expenses principally include expenses attributable to the School District's proprietary funds.

**Z. Interfund Activity:**

Transfers between governmental and business-type activities on the governmental-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures / expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources / uses in governmental funds and after non-operating revenues/ expenses in proprietary funds. Reimbursements from funds responsible for particular expenditures, expenses to the funds that initially paid for them are not presented on the financial statements.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**AA. Revenues – Exchange and Non-exchange Transactions:**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned.

Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or for the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

**AB. Bond and Lease Acquisition Costs:**

As part of any long-term bond or lease agreement, providing for the use of school buildings, payments constituting professional lease acquisition and other related professional fees will be expensed when incurred in accordance with GASB Statement No. 65. There were no unamortized costs as of June 30, 2014.

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

**Custodial Credit Risk Related to Deposits:**

Custodial Credit Risk for deposits is the risk that, in the event of a bank failure, the district's deposits may not be recovered. Although the district does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et. seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Protection Act.

The Board of Education designates and approves a list of authorized depository institutions based on an evaluation of solicited responses and presentation of GUDPA certifications provided by the financial institutions.

As of June 30, 2014, \$962,636 of the district's bank balance of \$1,212,636 was uninsured and exposed to custodial credit risk and collateralized under GUDPA.

**NOTE 4. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Board of Education of the Salem County Vocational and Technical School District by inclusion of \$456,605 in the 1996-97 capital budget for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 4. CAPITAL RESERVE ACCOUNT (CONT'D)**

Funds placed in the capital reserve account are restricted to capital projects in the School District's approved Long range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a school district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at fiscal year-end (June 1 to June 30) of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A school district may also appropriate additional amounts when the excess approval of the voters has been obtained by either a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23A-14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2013 to June 30, 2014 fiscal years is as follows:

Beginning Balance July 1, 2013	\$12,000
Increased by – Interest Earnings	<u>200</u>
Ending Balance June 30, 2014	<u>\$12,200</u>

The LRFP balance of local support costs of uncompleted projects at June 30, 2014 is \$1,594,328.00.

**NOTE 5. ACCOUNTS RECEIVABLES**

Accounts Receivables at June 30, 2014 consisted of accounts (fees) and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of state programs and the current fiscal year guarantee of federal funds. As of year-end, the School District's individual major and fiduciary funds, in the aggregate, are as follows:

	General Fund	Special Revenue Fund	Proprietary Funds	Total
Receivables:				
State and Federal	\$ 11,541	\$ 427,166	\$ 9,184	\$ 447,891
Other	490,139		326,093	816,232
Total	<u>\$ 501,680</u>	<u>\$ 427,166</u>	<u>\$ 335,277</u>	<u>\$ 1,264,123</u>

**NOTE 6. INVENTORY**

Inventory in the Food Service Fund at June 30, 2014 consisted of the following:

Food	\$ 3,081
Supplies	<u>5,912</u>
	<u>\$ 8,993</u>

The value of Federal donated commodities, where reflected on Schedule A-2 (required by the Single Audit Law of 1986, as revised) is the difference between market value and cost of the commodities at the date of purchase has been included as an item of non-operating revenue in the financial statements. The district received \$16,470 in federal commodities during the 2013-2014 school year, which was consumed during operations.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 7. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets that are not being depreciated:				
Land	\$ 391,928			\$ 391,928
Land Improvements			\$ 1,045,436	1,045,436
Building and Improvements	14,820,732			14,820,732
Construction in Progress	228,525	\$ 61,068		289,593
Equipment	3,360,256	51,968		3,412,224
	<hr/>	<hr/>	<hr/>	<hr/>
Total Historical Cost	18,801,441	113,036	1,045,436	19,959,913
	<hr/>	<hr/>	<hr/>	<hr/>
Less accumulated depreciation for :				
Land Improvements	(282,785)	(34,740)	(137,400)	(454,925)
Building and improvements	(5,769,498)	(696,778)		(6,466,276)
Equipment	(2,971,063)	(250,226)	575,546	(2,645,743)
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	(9,023,346)	(981,744)	438,146	(9,566,944)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Government activities capital assets, net</b>	<b>\$ 9,778,095</b>	<b>\$ (868,708)</b>	<b>\$ 1,483,582</b>	<b>\$ 10,392,969</b>
	<hr/>	<hr/>	<hr/>	<hr/>
				To A-1
<b>Business-Type Activities -</b>				
Building	\$ 2,123,900		\$ (2,123,900)	
Site Improvements	77,600		(77,600)	
Equipment	179,585		(179,585)	
Less Accumulated Depreciation	(1,562,990)		1,562,990	
	<hr/>	<hr/>	<hr/>	<hr/>
Business-Type Activities				
Capital Assets - Net	\$ 818,095	\$ -	\$ (818,095)	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>

\*Depreciation expense was charged to government functions as follows:

Instruction- Regular	\$ 16,457
Instruction- Vocational	97,678
Plant Operations and Maintenance	2,431
General Administration	3,516
Unallocated	861,662
	<hr/>
Total Depreciation Expense	\$ 981,744
	<hr/>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 8. GENERAL LONG-TERM DEBT**

During the fiscal year ended June 30, 2014, the following changes occurred in long-term obligations:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year	Long-term Portion
<b>Governmental Activities:</b>						
Capital Lease Payable	\$ 2,893,284	\$ 30,923	\$ (128,065)	\$ 2,796,142	\$ 168,954	\$ 2,627,188
Compensated Absences	105,066		(8,592)	96,474		96,474
Governmental Activity						
Long Term Liabilities	\$ 3,108,598	\$ 30,923	\$ (136,657)	\$ 2,892,616	\$ 168,954	\$ 2,723,662
<b>Business-Type Activities:</b>						
Compensated absences payable	\$ 14,814			\$ 14,814		\$ 14,814

**A. Bonds Payable** - Bonds and Loans are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

The District is organized as a Type 1 School District under New Jersey Statutes; therefore long-term debt is accounted for and financed by the County of Salem. The following is presented for "Memorandum Only" purposes.

Year Ending June 30	Principal	Interest	Total
2015	\$ 110,000.00	\$ 30,750.00	\$ 140,750.00
2016	115,000.00	25,250.00	140,250.00
2017	125,000.00	19,500.00	144,500.00
2018	130,000.00	13,250.00	143,250.00
2019	135,000.00	6,750.00	141,750.00
	<u>\$ 615,000.00</u>	<u>\$ 95,500.00</u>	<u>\$ 710,500.00</u>

**Bonds Authorized But Not Issued** – As of June 30, 2014, the School District had no authorizations to issue additional bonded debt. There is a Capital Project planned for approval in the 2014-15 school-year.

**Compensated Absences** – Compensated absences will be paid from the fund from which the employees' salaries are paid.

**B. Capital Leases Payable** – The School District was financing Energy Saving upgrades with a 15 year Capital Lease totaling \$3,190,699. In April 2014, the School District elected to refinance the Capital Lease, which reduced the interest rate from 4.74% to 3.00% at a premium of \$30,923 that will be amortized over 11 years. The following is a schedule of the future minimum lease payments at June 30, 2014.



**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 8. GENERAL LONG-TERM DEBT (CONT'D)**

Year Ending June 30,	Principal	Interest	Total
2015	\$ 168,954.00	\$ 75,584.00	\$ 244,538.00
2016	177,548.00	77,494.00	255,042.00
2017	193,882.00	72,046.00	265,928.00
2018	211,111.00	66,101.00	277,212.00
2019	229,278.00	59,633.00	288,911.00
2020	248,427.00	52,612.00	301,039.00
2021	268,602.00	45,009.00	313,611.00
2022	289,853.00	36,792.00	326,645.00
2023	312,229.00	27,930.00	340,159.00
2024	335,783.00	18,388.00	354,171.00
2025	360,475.00	8,130.00	368,605.00
	\$ 2,796,142.00	\$ 539,719.00	\$ 3,335,861.00

**NOTE 9. AMORTIZATION OF DEBT REFINANCE**

The School District elected to implement GASB Statement No. 65 during the 2012-13 year under audit and as a result, has reflected Capital Lease Debt Refinancing Cost as a Deferred Outflow of Resources on the Statement of Net Position, net of the portion amortized, as a component of interest expense over the life of the debt. During the 2013-14 School Year, \$702 of Debt Refinancing Costs was amortized, resulting in a balance in Deferred Outflows of Resources of \$30,221, as of June 30, 2014.

**NOTE 10. OPERATING LEASES**

The District has commitments to lease several copiers under operating leases. There were three new operating lease obligations initiated in the year ended June 30, 2014. Future minimum lease payments are as follows:

Year ending June 30,	<u>Amount</u>
2015	\$ 31,534
2016	20,674
2017	10,139
2018	10,139
Total future minimum lease payments	\$ 72,486

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 11. PENSION PLANS**

A substantial number of the School District's employees participate in one of the following defined benefit pension plans: the Teachers' Pension and Annuity Fund and the Public Employees' retirement System, which are administered by the New Jersey Division of Pensions and Benefits. In addition, several School District employees participate in the Defined Contribution Retirement Program, which is a defined contribution pension plan. This too is administered by the New Jersey Division of Pensions and Benefits. Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: State of New Jersey, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey 08625-0295.

**Significant Legislation** – P.L. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF and PERS operate and to the benefit provisions of those systems.

The legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PERS members enrolled after June 28, 2011 (Tier 3 members) decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the TPAF and PERS active member rates from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF and PERS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension system's unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund is a cost sharing contributory defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The vesting and benefit provisions are established by N.J.S.A. 18A:66.

The contribution requirements of plan members is determined by State Statute. In accordance with Chapters 113, 114 and 115, P.L. 1997, plan members enrolled in the TPAF are required to contribute 5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in members rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 11. PENSION PLANS (CONT'D)**

Under current statute, all employer contributions are made by the State of New Jersey on-behalf of the School District and all other related non-contributing employers. No normal or accrued liability contribution has been required over several preceding fiscal years.

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) is a cost-sharing multiple-multiple-employer defined benefit pension plan, which was established as of January 1, 1955. Vesting and benefit provisions are established by N.J.S.A. 43:15A and 43:3B.

**Public Employees' Retirement System (PERS)** - The contribution requirements of plan members is determined by State Statute. In accordance with Chapter 62, PL 1994, plan members enrolled in the Public Employees' Retirement System were required to contribute 5% of their annual covered salary. Effective July 1, 2011, however, in accordance with Chapter 78, P.L. 2011, plan members were required to contribute 5.5% of their annual covered salary. For employees who were enrolled in the retirement system prior to July 1, 2007, the increase was effective with the payroll period that began immediately after July 1, 2007. The State Treasurer has the right under the current law to make temporary reductions in members rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist. The School District is billed annually for its normal contribution plus any accrued liability.

**Vesting and Benefit Provisions** - Vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43:3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and generally determined to be 1/60 of the final average salary for each year of defined service credit. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age. The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of defined qualified service or under disability provisions of the System. Members are always fully vested for their own contributions and after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

During the fiscal year ended June 30, 2014, the State of New Jersey contributed \$132,279 to the TPAF for Pension Contribution and \$216,888 for post-retirement benefits and nothing for normal contributions on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$241,813 during the year ended June 30, 2014 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. This amount has been included in the basic financial statements, and the combining and individual fund schedules as a revenue and expenditure in accordance with GASB 27.

**Defined Contribution Retirement Program** - The Defined Contribution Retirement Program (DCRP) is a cost-sharing multiple-employer defined contribution pension fund which was established on July 1, 2007, under the provisions of Chapter 92, PL 2007 and Chapter 103, PL 2007 (NJSA 43:15C-1 et. seq.) and expanded under the provisions of Chapter 89, PL 2008 and Chapter 1, PL 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered for the Division of Pensions and Benefits by Prudential Financial. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit. Vesting provisions are established by NJSA 43:15C-1 et. seq. The contribution requirements of plan members are determined by State Statute. In accordance with Chapter 92, PL 2007 and Chapter 103, PL 2007, plan members were required to contribute 5.5% of their annual covered salary.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 11. PENSION PLANS (CONT'D)**

The State Treasurer has the right under the current law to make temporary reductions in members rates based on the existence of surplus pension assets in the retirement system; however, statute also requires the return to the normal rate when such surplus pension assets no longer exist. In addition to the employee contributions, the School District's contribution amounts for each pay period are transmitted to Prudential Financial not later than the fifth business day after the date on which the employee is paid for that pay period.

**NOTE 12. POST-EMPLOYMENT BENEFITS**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required TPAF and PERS, respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2013, there were 100,134 retirees receiving post-retirement medical benefits and the State contributed \$1.07 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 c 62. Funding of post retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

The State is also responsible for the cost attributable to P.L. 1992 c. 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The state paid \$173.8 million toward Chapter 126 benefits for 17,356 eligible retired members in Fiscal Year 2013.

**NOTE 13. COMPENSATED ABSENCES**

The School District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by Governmental Accounting Standards Board Statement No. 16 (GASB 16), "Accounting for Compensated Absences". A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the School District and its employees, is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the School District's personnel policies. Upon termination, employees are paid for accrued vacation. The School District's policy permits employees to accumulated unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the District's agreement with the various employee unions.

In the district wide-Statement of Net Position, the liabilities whose average maturities are greater than one year should be reported in two components-the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2014, a liability existed for compensated absences in the General Fund of \$96,474 and \$14,814 in the Regional Day Care Fund.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 14. DEFERRED COMPENSATION**

The School District offers its employees a choice of various deferred compensation plans created in accordance with Internal Revenue Code Section 403(b) and 457. The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators were Prudential, Securities, Equitable, Lincoln Investments and Travelers.

**NOTE 15. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

**Property and Liability Insurance** - The District maintains commercial insurance coverage for property, liability and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

**Joint Insurance Pool** – The School District is a member of the Gloucester, Cumberland, Salem School Districts Joint Insurance Fund. The Fund provides the School District with the following coverage:

Property (Including Crime and Auto Physical Damage)  
 General Liability  
 Automobile Liability  
 Workers' Compensation  
 Educator's Legal Liability  
 Boiler and Machinery  
 Pollution Legal Liability

Annual contributions to the Fund are determined by the Fund's Board of Trustees. The School District is jointly and personally liable for claims insured by the Fund and its members during the period of its membership, including liability for supplemental assessments, if necessary. The Fund's Board of Trustees may authorize refunds to its members in any fund year for which contributions exceed the amount necessary to fund all obligations for that year. The Fund publishes its own financial report for the year ended June 30, 2014, which can be obtained from the following address:

GCSSDJIF  
 P.O. Box 449  
 Marlton, New Jersey 08053

**NOTE 16. INTERFUND RECEIVABLES AND PAYABLES**

There were no Interfund balances as of June 30, 2014:

Fund	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 134,473	\$ 234,214
Special Revenue Fund		192,247
Capital Project Fund		572
Enterprise Fund	311,085	19,850
Fiduciary Funds	1,325	
Total	<u>\$ 446,883</u>	<u>\$ 446,883</u>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 17. DEFICIT FUND BALANCES**

The School District does not have a deficit fund balance in the General Fund or Special Revenue Fund, as of June 30, 2014 as reported in the fund statements (modified accrual basis). N.J.S.A. 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, school districts must record the delayed one or more June state aid payments as revenue, for budget purposes only, in the current school budget year. The Statute provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one records the June state aid payments in the subsequent fiscal year, the School District cannot recognize the June state aid payment on the GAAP financial statements until the year the State records the payable. Due to the timing difference of recording the June state aid payments, the general fund balance deficit does not alone indicate that the School District is facing financial difficulties.

Pursuant to N.J.S.A. 18A:22-44.2 any negative unreserved, undesignated general fund balance that is reported as a direct result from a delay in the June payments of state aid until the following fiscal year, is not considered in violation of New Jersey statute and regulation nor in need of corrective action. The School District deficit in the GAAP funds statements is less than the June state aid payments.

**NOTE 18. DEFICIT IN UNRESTRICTED NET POSITION**

The governmental activities had a deficit in unrestricted Net Position of \$107,055, shown on Exhibit A-1, as of June 30, 2014. The deficit is attributable to the allocation of compensated absences balances payable to unrestricted Net Position as well as result from a delay in the June payments of state aid until the following fiscal year and other items.

**NOTE 19. FUND BALANCE APPROPRIATED**

**General Fund** - Of the \$345,879 General Fund balance at June 30, 2014, \$31,277 is restricted for encumbrances; \$285,677 is restricted as excess surplus in accordance with N.J.S.A. 18A:7F-7, of which \$257,428 has been appropriated and included as anticipated revenue for the year ending June 30, 2015; \$12,200 has been restricted in the Capital Reserve Account; and \$16,725 is unreserved and undesignated.

**Legally Restricted**

Restrictions of fund balances of governmental funds are established to either (1) satisfy the legal covenants that require that a portion of the fund balance be segregated or (2) identify the portion of the fund balance that is not appropriable for future expenditures. Specific reservations of the fund balance are summarized below:

**Legally Restricted for Capital Reserve Account** – As of June 30, 2014, the balance in the capital reserve account is \$12,200. These funds are restricted for future capital outlay expenditures for capital projects in the School District's approved Long Range Facilities Plan (LRFP).

**Committed For Encumbrances** – The reserve for encumbrances was created to represent encumbrances outstanding at the end of the fiscal year based on purchase orders and contracts signed by the School District but not completed as of the close of the fiscal year. As of June 30, 2014, \$31,277 has been restricted for this purpose.

**Unassigned - General Fund** – The budgetary basis unassigned general fund balance at June 30, 2014 is \$476,092.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 20. CALCULATION OF EXCESS SURPLUS**

The designation of reserved fund balance – excess surplus is the result of a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance on a budgetary basis at June 30, 2014 is \$285,677, of which \$28,249 and will be appropriated and anticipated as revenue in the 2015-16 budget.

**NOTE 21. LITIGATION**

The District is not involved in any lawsuit incidental to its operations and the administration and legal council are not aware of any matters pending or threatened, which are likely to have a material adverse effect on the financial position of the District.

**NOTE 22. MERGE OF THE SALEM COUNTY SPECIAL SERVICES BOARD OF  
EDUCATION AND THE SALEM COUNTY VO-TECH BOARD OF EDUCATION**

Effective, July 1, 2009, the Salem County Board of Chosen Freeholders adopted a resolution to disband the Salem County Special Services Board of Education and the Salem County Vo-Tech Board of Education, instituting a new Board named "The Board of Education for the Vocational School District and the Special Services School District for the County of Salem".

**NOTE 23. SALEM CAMPUS SPECIAL SERVICES**

In the 2012-13 school-year, various services, previously maintained in Salem Campus Special Service Fund of the Salem County Vocational Technical School District, were transferred to the Salem County Special Services School District and it was necessary to reflect an intergovernmental charge, in order to reasonably match revenue against expenses in both school districts. During the 2013-14 school-year, the remaining activity, as well as the residual assets, were transferred from the Salem County Vocational Technical School District Salem Campus Special Service Fund to a separate fund in the Salem County Special Services School District.

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**



## **BUDGETARY COMPARISON SCHEDULES**

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
Local Sources:					
County of Salem Budget Appropriation	\$ 1,792,900		1,792,900	\$ 1,792,900	\$ -
Tuition Charges - In County	906,750		906,750	842,546	(64,204)
Tuition Charges - Out of County	729,895		729,895	683,655	(46,240)
Interest Earned on Capital Reserve Funds	200		200		(200)
Unrestricted Miscellaneous Revenue	6,000	7,090	13,090	52,928	39,838
<b>Total - Local Sources</b>	<b>3,435,745</b>	<b>7,090</b>	<b>3,442,835</b>	<b>3,372,029</b>	<b>(70,806)</b>
State Sources:					
Categorical Aid					
Equalization Aid	4,180,454		4,180,454	4,180,454	
Categorical Special Education Aid	391,823		391,823	391,823	
Categorical Security Aid	22,326		22,326	22,326	
Other State Aid					
Anti Bullying Aid	1		1	2,081	2,080
Reimbursed TPAF Social Security Contributions (non-budgeted)				241,813	241,813
On-behalf TPAF pension contributions (non-budgeted)				132,279	132,279
On-behalf TPAF pension post-retirement med'l contrib (non-budgeted)				216,888	216,888
<b>Total - State Sources</b>	<b>4,594,604</b>		<b>4,594,604</b>	<b>5,187,664</b>	<b>593,060</b>
<b>Total Revenues</b>	<b>8,030,349</b>	<b>7,090</b>	<b>8,037,439</b>	<b>8,559,693</b>	<b>522,254</b>
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Grade 9-12 - Instruction:					
Salaries of Teachers	834,792	22,679	857,471	846,017	11,454
Purchased Professional-Educational Services	34,000	(7,074)	26,926	26,000	926
Other Purchased Services	2,300	(1,500)	800	125	675
General Supplies	18,649	(6,203)	12,446	11,672	774
Textbooks	14,000	(2,119)	11,881	11,745	136
<b>Total Regular Programs - Instruction</b>	<b>903,741</b>	<b>5,783</b>	<b>909,524</b>	<b>895,559</b>	<b>13,965</b>
Regular Programs - Home Instruction:					
Salaries of Teachers		323	323	323	
Regular Vocational Programs - Instruction:					
Salaries of Teachers	1,145,647	96,993	1,242,640	1,208,991	33,649
Purchased Professional-Educational Services	1,595,361	37,116	1,632,477	1,632,476	1
Purchased Technical Services	7,524	(6,924)	600		600
Other Purchased Services (400-500 series)	2,500	6,681	9,181	7,587	1,594
General Supplies	95,930	15,664	111,594	97,608	13,986
Textbooks	24,010	(7,031)	16,979	14,103	2,876
<b>Total - Regular Vocational Programs - Instruction</b>	<b>2,870,972</b>	<b>142,499</b>	<b>3,013,471</b>	<b>2,960,765</b>	<b>52,706</b>
School-Sponsored Co/Extra-Curr. Activities-Instruction					
Salaries	4,203	28	4,231	4,231	
Purchased Services (300-500 series)	8,600		8,600	1,100	7,500
Supplies and Materials	15,295	1,450	16,745	16,537	208
<b>Total School-Spon. Co/Extra Curr. Actvts. - Inst</b>	<b>28,098</b>	<b>1,478</b>	<b>29,576</b>	<b>21,868</b>	<b>7,708</b>
Undistributed Expenditures - Attendance & Social Work					
Salaries of Drop-Out Prevention Officer/Coordinator	84,828	(9,516)	75,312	75,312	
<b>Total Undistributed Expenditures - Attendance &amp; Social Work</b>	<b>84,828</b>	<b>(9,516)</b>	<b>75,312</b>	<b>75,312</b>	

(Continued)

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Health Services:					
Salaries	\$ 53,868	\$ 1,893	\$ 55,761	\$ 55,761	\$ -
Purchased Professional and Technical Services	100	5	105	53	52
Other Purchased Services (400-500 series)	675	(508)	167	167	
Supplies and Materials	600	(85)	515	515	
<b>Total Undistributed Expenditures - Health Services</b>	<b>55,243</b>	<b>1,305</b>	<b>56,548</b>	<b>56,496</b>	<b>52</b>
Undistributed Expenditures - Guidance					
Salaries of Other Professional Staff	246,642	14,810	261,452	261,452	
Salaries of Secretarial and Clerical Assistants	26,060	1,278	27,338	27,338	
Purchased Professional-Educational Services	3,181	(2,381)	800	350	450
Other Purchased Services (400-500 series)	1,500	2,350	3,850	3,846	4
Supplies and Materials	8,485	(3,857)	4,628	4,628	
<b>Total Undist. Expend. - Guidance</b>	<b>285,868</b>	<b>12,200</b>	<b>298,068</b>	<b>297,614</b>	<b>454</b>
Undistributed Expenditures - Child Study Teams					
Purchased Professional - Educational Services	100,000	(77,563)	22,437	11,437	11,000
<b>Total Undist. Expend. - Child Study Teams</b>	<b>100,000</b>	<b>(77,563)</b>	<b>22,437</b>	<b>11,437</b>	<b>11,000.00</b>
Undistributed Expenditures - Improvement of Instruction Services					
Salaries of Other Professional Staff	67,053		67,053	66,726	327
Salaries of Secretarial and Clerical Assistants	70,977	(2,510)	68,467	68,467	
Other Purchased Services (400-500)		162	162	162	
Other Objects	9,000	(8,705)	295	295	
<b>Total Undist. Expend. - Improv of Inst. Serv.</b>	<b>147,030</b>	<b>(11,053)</b>	<b>135,977</b>	<b>135,650</b>	<b>327</b>
Undistributed Expenditures - Educational Media Service/Sch Library					
Salaries	84,454	(12,204)	72,250	72,250	
Purchased Professional and Technical Services	36,870	(18,625)	18,245	18,036	209
Supplies and Materials	86,889	46,600	133,489	129,134	4,355
<b>Total Undist Expend-Edu. Media Serv. / Sch. Library</b>	<b>208,213</b>	<b>15,771</b>	<b>223,984</b>	<b>219,420</b>	<b>4,564</b>
Undistributed Expenditures - Support Services - General Administration:					
Salaries	105,954	(10,849)	95,105	93,105	2,000
Legal Services	15,000	(8,477)	6,523	6,523	
Audit Fee	25,000	(1,100)	23,900	23,815	85
Other Purchased Professional Services	93,235	(17,782)	75,453	75,453	
Communications/Telephone	22,050	14,825	36,875	36,875	
Other Purch Serv (400-500)	4,000	(3,940)	60	60	
General Supplies	5,000	(3,486)	1,514	1,235	279
Miscellaneous Expenditures	15,750	3,330	19,080	19,080	
<b>Total Undist. Expend. -Support Serv. -Gen. Admin.</b>	<b>285,989</b>	<b>(27,479)</b>	<b>258,510</b>	<b>256,146</b>	<b>2,364</b>
Undistributed Expenditures - Support Services - School Administration					
Salaries of Principals / Assistant Principals	170,357	(5,503)	164,854	164,854	
Salaries of Secretarial and Clerical Assistants	76,213		76,213	75,841	372
Purchased Professional and Technical Services		3,211	3,211	2,958	253
Other Purchased Services (400-500 series)	1,250		1,250	1,225	25
Supplies and Materials	8,540	3,110	11,650	9,970	1,680
Other Objects	3,950	1,530	5,480	5,190	290
<b>Total Undist. Expend. -Support Serv. - School Adm.</b>	<b>260,310</b>	<b>2,348</b>	<b>262,658</b>	<b>260,038</b>	<b>2,620</b>

(Continued)

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Undistributed Expenditures - Central Services:					
Salaries	\$ 60,221	\$ (32,212)	\$ 28,009	\$ 28,009	\$ -
Purchased Professional Services	57,011	11,747	68,758	68,758	
Purchased Technical Services	32,500	3,521	36,021	29,530	6,491
Misc. Purchased Services (400-500 Series)	4,300	(1,500)	2,800	2,725	75
Supplies and Materials	13,500	(3,786)	9,714	9,351	363
Interest on Lease Purchase Agreement	137,142		137,142	137,142	
Other Objects	6,000	(3,000)	3,000	2,577	423
Total Undistributed Expenditures - Central Services	310,674	(25,230)	285,444	278,092	7,352
Undistributed Expenditures - Required Maint for School Facilities					
Salaries	40,411	14,370	54,781	54,781	
Cleaning, Repair, and Maintenance Services	134,750	20,580	155,330	141,543	13,787
General Supplies	31,034	28,624	59,658	57,564	2,094
Other Objects	1,100	(143)	957	710	247
Total Undist. Expend-Required Maint for Sch Fac.	207,295	63,431	270,726	254,598	16,128
Undistributed Expenditures - Other Oper & Maint of Plant					
Salaries	269,686	(47,527)	222,159	222,159	
Purchased Professional and Technical Services		14,045	14,045	14,045	
Cleaning, Repair, and Maintenance Services	45,000	(5,339)	39,661	39,647	14
Insurance	56,000	17,525	73,525	59,140	14,385
General Supplies	8,000	3,941	11,941	11,777	164
Energy (Natural Gas)	85,179	(54,484)	30,695	30,695	
Energy (Heat and Electricity)	215,000	(20,920)	194,080	191,258	2,822
Energy (Oil)	6,290	2,315	8,605	8,055	550
Total Undist Expend-Oth. Oper & Maint of Plant	685,155	(90,444)	594,711	576,776	17,935
Undistributed Expenditures - Care & Upkeep of Grounds					
Cleaning, Repair, and Maintenance Services	25,000	(5,305)	19,695	19,695	
Total Care and Upkeep of Grounds	25,000	(5,305)	19,695	19,695	
Undistributed Expenditures - Security					
Cleaning, Repair, and Maintenance Services	2,000	(1,900)	100		100
Total Security	2,000	(1,900)	100		100
Total Undist. Expend-Oper & Maint of Plant Serv.	919,450	(34,218)	885,232	851,069	34,163
Undistributed Expenditures - Student Transportation Services:					
Contr Serv (Oth. Than Bet Home & Sch) - Vend	23,775	(2,199)	21,576	13,134	8,442
Total Undist. Expend. -Student Trans. Serv.	23,775	(2,199)	21,576	13,134	8,442
Unallocated Benefits - Employee Benefits:					
Social Security Contributions	96,000	9,810	105,810	104,649	1,161
Other Retirement Contributions - PERS	176,290	(21,457)	154,833	154,832	1
Unemployment Compensation	8,000	13,254	21,254	21,254	
Workmen's Compensation	48,000	(428)	47,572	47,572	
Health Benefits	1,045,065	75,790	1,120,855	1,115,981	4,874
Tuition Reimbursement	20,000	(6,070)	13,930	13,858	72
Other Employee Benefits	5,000	(742)	4,258	4,257	1
Total Unallocated Benefits - Employee Benefits	1,398,355	70,157	1,468,512	1,462,403	6,109

(Continued)

## SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Required Supplementary Information

Budgetary Comparison Schedule

General Fund

For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Modifications	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES (CONT'D):</b>					
Current Expense (Cont'd):					
Reimbursed TPAF Social Security Contributions (non-budgeted)				\$ 241,813	\$ (241,813)
On-behalf TPAF pension contributions (non-budgeted)				132,279	(132,279)
On-behalf TPAF pension post-retirement contributions (non-budgeted)				216,888	(216,888)
Total On-behalf Contributions				590,980	(590,980)
Total Undistributed Expenditures	4,079,735	(85,477)	3,994,258	4,507,791	(513,533)
Total Current Expense	7,882,546	64,606	7,947,152	8,386,306	(439,154)
Capital Outlay:					
Interest Deposit to Capital Reserve	200		200		200
Equipment:					
Undistributed Expenses					
Support Services - Instruc. Staff	46,260	(14,596)	31,664	10,543	21,121
Total Equipment	46,460	(14,596)	31,864	10,543	21,321
Facilities Acquisition and Construction Services:					
Other Objects - Debt Service Assessment	1,426		1,426	925	501
Lease Purchase Agreements-Principal	128,065		128,065	128,065	
Total Facilities Acquisition and Construction Services	129,491		129,491	128,990	501
Total Capital Outlay	175,951	(14,596)	161,355	139,533	21,822
Total Expenditures	8,058,497	50,010	8,108,507	8,525,839	(417,332)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,148)	(42,920)	(71,068)	33,854	104,922
Other Financing Sources (Uses)					
Fund Balances, July 1	771,392		771,392	771,392	
Fund Balances, June 30	\$ 743,244	\$ (42,920)	\$ 700,324	\$ 805,246	\$ 104,922
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Capital Reserve				\$ 12,200	
Excess surplus				28,249	
Excess Surplus - Designated For Subsequent Years Expenditures				257,428	
<b>Committed Fund Balance:</b>					
Year-end Encumbrances				31,277	
<b>Unassigned Fund Balance</b>				476,092	
				805,246	
Reconciliation to Governmental Funds Statements (GAAP):					
Last two State Aid Payments 2013-14 Not Recognized on GAAP Basis				(459,367)	
				\$ 345,879	

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**

Required Supplementary Information  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Amendments / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>					
State Sources:					
School Based Youth Services-- Family Court				\$ 7,500	\$ 7,500
School Based Youth Services	\$ 288,182	\$ 121,305	\$ 409,487	257,012	(152,475)
Perkins Post Secondary	94,805	(94,805)		77,328	77,328
Talent Development				69,825	69,825
Opportunity for NJ				13,155	13,155
Total - State Sources	382,987	26,500	409,487	424,820	15,333
Federal Sources:					
Workforce Investment Act	92,842	39,600	132,442	17,434	(115,008)
Perkins	93,859	(93,859)		86,786	86,786
Adult Basic Skills-LA	952,026		952,026	252,028	(699,998)
Adult Basic Skills-Sub-grantee				474,021	474,021
I.D.E.A.	109,376		109,376	105,632	(3,744)
No Child Left Behind I A	86,528	21,340	107,868	92,927	(14,941)
No Child Left Behind II A	8,507		8,507	6,212	(2,295)
21st Century		4,272	4,272	3,610	(662)
Total - Federal Sources	1,343,138	(28,647)	1,314,491	1,038,650	(275,841)
Other Sources:					
CASE Grant	5,000	(5,000)		9,906	9,906
Total - Other Sources	5,000	(5,000)		9,906	9,906
Total Revenues	1,731,125	(7,147)	1,723,978	1,473,376	(250,602)

(Continued)

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**

Required Supplementary Information  
Budgetary Comparison Schedule  
Special Revenue Fund  
For the Fiscal Year Ended June 30, 2014

	Original Budget	Budget Amendments / Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	\$ 260,301	\$ (42,135)	\$ 218,166	\$ 252,711	\$ (34,545)
Purchased Professional & Technical Services	47,137	11,031	58,168	100,336	(42,168)
General Supplies	130,417	5,416	135,833	113,130	22,703
Other Objects	10,050		10,050	5,878	4,172
Total Instruction	447,905	(25,688)	422,217	472,055	(49,838)
Support Services:					
Salaries of Principals/Assistant Principals	78,611	31,577	110,188	82,542	27,646
Salaries of Other Professional Staff	89,339	13,247	102,586	167,847	(65,261)
Personal Services - Employee Benefits	65,438	29,483	94,921	62,204	32,717
Purchased Professional Educational Services	977,939	(71,221)	906,718	632,066	274,652
Travel	930	(70)	860	847	13
Other Purchased Services	11,000	5,847	16,847	7,800	9,047
Supplies and Materials	7,963	(1,320)	6,643	1,169	5,474
Other Objects		15,891	15,891	5,421	10,470
Total Support Services	1,231,220	23,434	1,254,654	959,896	294,758
Facilities Acquisition and Construction Services:					
Instructional Equipment	52,000	(4,893)	47,107	41,425	5,682
Total Facilities Acquisition & Construction Services	52,000	(4,893)	47,107	41,425	5,682
Total Expenditures	1,731,125	(7,147)	1,723,978	1,473,376	250,602
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -

## **NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**



**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Required Supplementary Information  
Budgetary Comparison Schedule  
Note to RSI  
For the Fiscal Year Ended June 30, 2014

Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures.

	<u>General Fund</u>	<u>Special Revenue Fund</u>
Sources / Inflows of Resources:		
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule (C-series)	\$ 8,559,693	\$ 1,473,376
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Current Year		(23,130)
Prior Year		45,794
The last two 12-13 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	459,367	
The last two 13-14 State aid payments are recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expense (GASB 33)	<u>(459,367)</u>	
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. (B-2)	<u>\$ 8,559,693</u>	<u>\$ 1,496,040</u>
Uses / Outflows of Resources:		
Actual amounts (budgetary basis) "total expenditures" from the budgetary comparison schedule	\$ 8,525,839	\$ 1,473,376
Encumbrances for supplies and equipment ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.		
Current Year		(23,130)
Prior Year		<u>45,794</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (B-2)	<u>\$ 8,525,839</u>	<u>\$ 1,496,040</u>

## **OTHER SUPPLEMENTARY INFORMATION**

## **SPECIAL REVENUE FUND DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2014

	Total	NCLB Title I, Part A 2013-14	NCLB Title I, Part A 2012-13	NCLB Title II, Part A 2013-14	Total Brought Forward
<b>REVENUES:</b>					
Federal Sources	\$ 1,038,650	\$ 73,784	\$ 19,143	\$ 6,212	\$ 939,511
State Sources	424,820				424,820
Other Sources	9,906				9,906
<b>Total Revenues</b>	<b>1,473,376</b>	<b>73,784</b>	<b>19,143</b>	<b>6,212</b>	<b>1,374,237</b>
<b>EXPENDITURES:</b>					
Instruction:					
Salaries of Teachers	252,711	47,662	19,143	5,050	180,856
Purchased Professional & Technical Services	100,336	1,144			99,192
General Supplies	113,130	13,971			99,159
Other Objects	5,878				5,878
<b>Total Instruction</b>	<b>472,055</b>	<b>62,777</b>	<b>19,143</b>	<b>5,050</b>	<b>385,085</b>
Support Services:					
Salaries of Principals/Assistant Principals	82,542				82,542
Salaries of Other Professional Staff	167,847				167,847
Personal Services - Employee Benefits	62,204	11,007		1,162	50,035
Purchased Professional Educational Services	632,066				632,066
Other Purchased Professional Services	7,800				7,800
Travel	847				847
Supplies and Materials	1,169				1,169
Other Objects	5,421				5,421
<b>Total Support Services</b>	<b>959,896</b>	<b>11,007</b>		<b>1,162</b>	<b>947,727</b>
Facilities Acquisition & Construction Services:					
Non Instructional Equipment					
Instructional Equipment	41,425				41,425
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>41,425</b>				<b>41,425</b>
<b>Total Expenditures</b>	<b>\$ 1,473,376</b>	<b>\$ 73,784</b>	<b>\$ 19,143</b>	<b>\$ 6,212</b>	<b>\$ 1,374,237</b>

(Continued)

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2014

	Total Carried Forward	I.D.E.A. 2013-14	21st Century 2012-13	Total Brought Forward
<b>REVENUES:</b>				
Federal Sources	\$ 939,511	\$ 105,632	\$ 3,610	\$ 830,269
State Sources	424,820			424,820
Other Sources	9,906			9,906
<b>Total Revenues</b>	<b>1,374,237</b>	<b>105,632</b>	<b>3,610</b>	<b>1,264,995</b>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of Teachers	180,856			180,856
Purchased Professional & Technical Services	99,192			99,192
General Supplies	99,159			99,159
Other Objects	5,878			5,878
<b>Total Instruction</b>	<b>385,085</b>			<b>385,085</b>
Support Services:				
Salaries of Principals/Assistant Principals	82,542			82,542
Salaries of Other Professional Staff	167,847		3,610	164,237
Personal Services - Employee Benefits	50,035			50,035
Purchased Professional Educational Services	632,066	105,632		526,434
Other Purchased Professional Services	7,800			7,800
Travel	847			847
Supplies and Materials	1,169			1,169
Other Objects	5,421			5,421
<b>Total Support Services</b>	<b>947,727</b>	<b>105,632</b>	<b>3,610</b>	<b>838,485</b>
Facilities Acquisition & Construction Services:				
Non Instructional Equipment				
Instructional Equipment	41,425			41,425
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>41,425</b>			<b>41,425</b>
<b>Total Expenditures</b>	<b>\$ 1,374,237</b>	<b>\$ 105,632</b>	<b>\$ 3,610</b>	<b>\$ 1,264,995</b>

(Continued)

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2014

	Total Carried Forward	Lead Agent Adult Basic Skills 2013-14	Sub-grantee Adult Basic Skills 2013-14	Total Brought Forward
<b>REVENUES:</b>				
Federal Sources	\$ 830,269	\$ 252,028	\$ 474,021	\$ 104,220
State Sources	424,820			424,820
Other Sources	9,906			9,906
<b>Total Revenues</b>	<b>1,264,995</b>	<b>252,028</b>	<b>474,021</b>	<b>538,946</b>
<b>EXPENDITURES:</b>				
Instruction:				
Salaries of Teachers	180,856	176,356		4,500
Purchased Professional & Technical Services	99,192			99,192
General Supplies	99,159	954		98,205
Other Objects	5,878			5,878
<b>Total Instruction</b>	<b>385,085</b>	<b>177,310</b>		<b>207,775</b>
Support Services:				
Salaries of Principals/Assistant Principals	82,542			82,542
Salaries of Other Professional Staff	164,237	61,200		103,037
Personal Services - Employee Benefits	50,035	13,518		36,517
Purchased Professional Educational Services	526,434		473,714	52,720
Other Purchased Professional Services	7,800			7,800
Travel	847			847
Supplies and Materials	1,169		307	862
Other Objects	5,421			5,421
<b>Total Support Services</b>	<b>838,485</b>	<b>74,718</b>	<b>474,021</b>	<b>289,746</b>
Facilities Acquisition & Construction Services:				
Non Instructional Equipment				
Instructional Equipment	41,425			41,425
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>41,425</b>			<b>41,425</b>
<b>Total Expenditures</b>	<b>\$ 1,264,995</b>	<b>\$ 252,028</b>	<b>\$ 474,021</b>	<b>\$ 538,946</b>

(Continued)

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2014

	Total Carried Forward	W.I.A. 2012-13	W.I.A. Out of School 2012-13	Perkins Secondary 2013-14	Perkins Secondary Reserve 2013-14	Perkins Post Secondary 2013-14	Total Brought Forward
<b>REVENUES:</b>							
Federal Sources	\$ 104,220	\$ 7,111	\$ 10,323	\$ 64,864	\$ 21,922		\$ -
State Sources	424,820					\$ 77,328	347,492
Other Sources	9,906						9,906
<b>Total Revenues</b>	<b>538,946</b>	<b>7,111</b>	<b>10,323</b>	<b>64,864</b>	<b>21,922</b>	<b>77,328</b>	<b>357,398</b>
<b>EXPENDITURES:</b>							
Instruction:							
Salaries of Teachers	4,500						4,500
Purchased Professional & Technical Services	99,192				12,265	8,447	78,480
General Supplies	98,205			35,006	9,657	43,636	9,906
Other Objects	5,878			4,950		928	
<b>Total Instruction</b>	<b>207,775</b>			<b>39,956</b>	<b>21,922</b>	<b>53,011</b>	<b>92,886</b>
Support Services:							
Salaries of Principals/Asst Principals	82,542						82,542
Salaries of Other Professional Staff	103,037	4,331	4,902				93,804
Personal Services - Employee Benefits	36,517	2,017					34,500
Purchased Professional Educational Services	52,720						52,720
Other Purchased Professional Services	7,800			7,800			-
Travel	847	763					84
Supplies and Materials	862						862
Other Objects	5,421		5,421				
<b>Total Support Services</b>	<b>289,746</b>	<b>7,111</b>	<b>10,323</b>	<b>7,800</b>			<b>264,512</b>
Facilities Acquisition & Construction Services:							
Non Instructional Equipment							
Instructional Equipment	41,425			17,108		24,317	
<b>Total Facilities Acquisition &amp; Construction Services</b>	<b>41,425</b>			<b>17,108</b>		<b>24,317</b>	
<b>Total Expenditures</b>	<b>\$ 538,946</b>	<b>\$ 7,111</b>	<b>\$ 10,323</b>	<b>\$ 64,864</b>	<b>\$ 21,922</b>	<b>\$ 77,328</b>	<b>\$ 357,398</b>

(Continued)

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**SPECIAL REVENUE FUND**  
Combining Schedule of Revenues and Expenditures - Budgetary Basis  
For the Fiscal Year Ended June 30, 2014

	Total Carried Forward	School Based Youth Services 2012-13	School Based Youth Services 2013-14	CASE Grant 12-13	CASE Grant 13-14	Talent Development 2013-14	Opportunity for NJ 2013-14	School Based Youth Services Family Court 2012-13
<b>REVENUES:</b>								
Federal Sources	\$ -							
State Sources	347,492	\$ 9,154	\$ 247,858			\$ 69,825	\$ 13,155	7,500
Other Sources	9,906			\$ 4,943	\$ 4,963			
<b>Total Revenues</b>	<b>357,398</b>	<b>9,154</b>	<b>247,858</b>	<b>4,943</b>	<b>4,963</b>	<b>69,825</b>	<b>13,155</b>	<b>7,500</b>
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of Teachers	4,500					4,500		
Purchased Professional & Technical Services	78,480					65,325	13,155	
General Supplies	9,906			4,943	4,963			
Other Objects								
<b>Total Instruction</b>	<b>92,886</b>			<b>4,943</b>	<b>4,963</b>	<b>69,825</b>	<b>13,155</b>	
Support Services:								
Salaries of Principals/Asst Principals	82,542		82,542					
Salaries of Other Professional Staff	93,804		86,304					7,500
Personal Services - Employee Benefits	34,500		34,500					
Purchased Professional Educational Services	52,720	9,154	43,566					
Other Purchased Professional Services								
Travel	84		84					
Supplies and Materials	862		862					
Other Objects								
<b>Total Support Services</b>	<b>264,512</b>	<b>9,154</b>	<b>247,858</b>					<b>7,500</b>
Facilities Acquisition & Construction Services:								
Non Instructional Equipment								
Instructional Equipment								
<b>Total Facilities Acquisition &amp; Construction Services</b>								
<b>Total Expenditures</b>	<b>\$ 357,398</b>	<b>\$ 9,154</b>	<b>\$ 247,858</b>	<b>\$ 4,943</b>	<b>\$ 4,963</b>	<b>\$ 69,825</b>	<b>\$ 13,155</b>	<b>\$ 7,500</b>



## **CAPITAL PROJECTS FUND DETAIL STATEMENT**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**

Capital Projects Fund

Summary Schedule of Project Expenditures

For the Fiscal Year Ended June 30, 2014

<u>Project Title / Issue</u>	<u>Approval Date</u>	<u>Revised Budgetary Appropriations</u>	<u>GAAP Expenditures to Date</u>		<u>Unexpended Balance June 30, 2012</u>
			<u>Prior Years</u>	<u>Current Year</u>	
Construction Services-2011 Project 2010 School Energy Savings	3/29/2011	\$ 893,818	\$ 542,033	\$ 61,068	\$ 290,717
	4/27/2010	3,190,699	3,190,699		
		<u>\$ 4,084,517</u>	<u>\$ 3,732,732</u>	<u>\$ 61,068</u>	<u>\$ 290,717</u>
Encumbrances					\$ 64,941
Unreserved - Designated to Subsequent Year's Expenditures					<u>225,776</u>
					<u>\$ 290,717</u>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
Summary Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Budgetary Basis  
For the Fiscal Year Ended June 30, 2014

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**Revenues and Other Financing Sources (Uses)**

State Sources - SCC Grant	\$ -
Interest	<u>616</u>
Total Revenues	<u>616</u>

**Expenditures and Other Financing Uses**

Construction Services-2011 Project	\$ 61,068
Construction Services-ESIP Project	<u>          </u>
Total Expenditures	<u>61,068</u>

Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,452)
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Transfer of Interest Earned to General fund	(616)
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Fund Balance - July 1	<u>351,785</u>
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Fund Balance - June 30	<u><u>\$ 290,717</u></u>
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**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**CAPITAL PROJECTS FUND**  
Schedule of Project Revenues, Expenditures, Project Balance and Project Status--Budgetary Basis  
2012 School Energy Savings  
From Inception and for the Fiscal Year Ended June 30, 2014

	<u>Prior Years</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources (Uses)				
State Sources - SCC Grant			\$ 3,190,699	\$ 3,190,699
Capital Lease Proceeds	\$ 3,190,699		\$ 3,190,699	
Transfer from Capital Reserve	893,818		893,818	
Total Revenues	<u>4,084,517</u>		<u>4,084,517</u>	<u>3,190,699</u>
Expenditures and Other Financing Uses				
Construction Services-2011 Project	<u>542,033</u>	<u>61,068</u>	<u>603,101</u>	<u>3,190,699</u>
Total Expenditures	<u>542,033</u>	<u>61,068</u>	<u>603,101</u>	<u>3,190,699</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 3,542,484</u>	<u>\$ (61,068)</u>	<u>\$ 3,481,416</u>	<u>\$ -</u>

Additional Project Information:

Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	3,190,699
Additional Authorized Cost	0
Revised Authorized Cost	3,190,699
Percentage Increase over Original Authorized Cost	0.00%
Percentage Completion	#REF!
Original Target Completion Date	1/30/2012
Revised Target Completion Date	N/A

## **PROPRIETARY FUND DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

**Food Services Fund** – This fund provides for the operation of food services in all schools within the school district.

**Alternative High School Enterprise Fund** – This fund provides for the operation of the District's Alternative High School.

**Transportation Enterprise Fund** – This fund provides for transportation services provided to other local educational associations.

**Related Services Enterprise Fund** – This fund provides for student support services which are provided to other local educational associations.

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Enterprise Fund  
Combining Statement of Net Position  
June 30, 2014

	Business Type Activities- Enterprise Funds							Total
	Food Service	Special Services Salem Campus	The Learning Center	Summer Enrichment Program	BCCEC/ ETTC Program	Transitional Production Workshop	School Based Youth Services	
<b>ASSETS:</b>								
Current Assets:								
Cash and Cash Equivalents	\$ 79,176	\$ 34,394	\$ (2,090)	\$ 51,262	\$ 136,517	\$ 10,847	\$ 17,103	\$ 327,209
Accounts Receivable:								
State	318							318
Federal	8,866							8,866
Other	369		2,090		323,634			326,093
Interfund					311,085			311,085
Inventories	8,993							8,993
Total Current Assets	97,722	34,394		51,262	771,236	10,847	17,103	982,564
Noncurrent Assets:								
Site Improvements								
Building								
Equipment								
Accumulated Depreciation								
Total Noncurrent Assets								
Total Assets	97,722	34,394		51,262	771,236	10,847	17,103	982,564
<b>LIABILITIES:</b>								
Current Liabilities:								
Accounts Payable					24,467			24,467
Due to Current Fund	19,850							19,850
Unearned Revenue	2,765				28,313			31,078
Compensated Absences Payable		14,814						14,814
Total Current Liabilities	22,615	14,814			52,780			90,209
Net Position:								
Invested in Capital Assets								
Net of Related Debt								
Unrestricted	75,107	19,580		51,262	718,456	10,847	17,103	892,355
Total Net Position	\$ 75,107	\$ 19,580	\$ -	\$ 51,262	\$ 718,456	\$ 10,847	\$ 17,103	\$ 892,355

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Enterprise Fund  
Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
For the Fiscal Year Ended June 30, 2014

	Business Type Activities- Enterprise Funds							
	Food Service	Special Services Salem Campus	The Learning Center	Summer Enrichment Program	BCCEC/ ETTC Program	Transitional Production Workshop	School Based Youth Services	Total
<b>OPERATING REVENUES:</b>								
Charges for Services:								
Daily Sales - Reimbursable Programs	101,876							\$ 101,876
Daily Sales - Non-Reimbursable Programs	63,905							63,905
Tuition		521,970	32,875	5,876				560,721
Other Revenue					615,374			615,374
<b>Total Operating Revenues</b>	<b>165,781</b>	<b>521,970</b>	<b>32,875</b>	<b>5,876</b>	<b>615,374</b>			<b>1,341,876</b>
<b>OPERATING EXPENSES:</b>								
Salaries	112,628	571,128	56,269	28,803	96,212			865,040
Employee Benefits				4,082				4,082
Cost of Sales	143,993							143,993
Purchased Educational Services					13,592			13,592
Purchased Technical Services		9,185			250			9,435
Cleaning, Repair & Maintenance					20,000			20,000
Travel	61				1,237			1,298
Rental					20,000			20,000
Other Purchased Services	5,618				1,680			7,298
General Supplies					13,677			13,677
Utilities		8,297	1,558					9,855
Textbooks					16,452			16,452
Miscellaneous					26			26
<b>Total Operating Expenses</b>	<b>262,300</b>	<b>588,610</b>	<b>57,827</b>	<b>32,885</b>	<b>183,126</b>			<b>1,124,748</b>
<b>Operating Income / (Loss)</b>	<b>(96,519)</b>	<b>(66,640)</b>	<b>(24,952)</b>	<b>(27,009)</b>	<b>432,248</b>			<b>217,128</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>								
State Sources:								
State School Lunch Program	2,581							2,581
Federal Sources:								
Food Distribution Program	16,466							16,466
National School Lunch Program	85,651							85,651
National School Breakfast Program	16,666							16,666
Interest and Investment Revenue	32							32
<b>Total Non-operating Revenues (Expenses)</b>	<b>121,396</b>							<b>121,396</b>
<b>Income(Loss) before Operating Transfers</b>	<b>24,877</b>	<b>(66,640)</b>	<b>(24,952)</b>	<b>(27,009)</b>	<b>432,248</b>			<b>338,524</b>
<b>OTHER FINANCING USES:</b>								
Loss on Disposal of Fixed Assets		(818,095)						(818,095)
Transfer		(24,952)	24,952					
<b>Net Position -- July 1</b>	<b>50,230</b>	<b>929,267</b>		<b>78,271</b>	<b>286,208</b>	<b>10,847</b>	<b>17,103</b>	<b>1,371,926</b>
<b>Net Position -- June 30</b>	<b>\$ 75,107</b>	<b>\$ 19,580</b>	<b>\$ -</b>	<b>\$ 51,262</b>	<b>\$ 718,456</b>	<b>\$ 10,847</b>	<b>\$ 17,103</b>	<b>\$ 892,355</b>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Enterprise Fund  
Combining Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2014

	Business Type Activities- Enterprise Funds							
	Food Service	Regional School Day	The Learning Center	Summer Enrichment Program	BCCEC/ ETTC Program	Transitional Production Workshop	School Based Youth Services	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>								
Receipts from Customers	\$ 163,467	\$ 1,131,545	\$ 33,915	\$ 5,876	\$ 125,911	\$ -	\$ -	\$ 1,460,714
Payments to Employees	(112,628)	(571,128)	(56,269)	(28,803)	(96,212)			(865,040)
Payments for Employee Benefits				(4,082)				(4,082)
Payments to Suppliers	(130,614)	(42,697)	23,394		(62,447)			(212,364)
Net Cash Provided by (used for) Operating Activities	(79,775)	517,720	1,040	(27,009)	(32,748)			379,228
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>								
State Sources	2,581							2,581
Federal Sources	118,783							118,783
Net Cash Provided by (used for) Non-Capital Financing Activities	121,364							121,364
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>								
Interest and Dividends	32							32
Net Cash Provided by (used for ) Investing Activities	32							32
Net Increase (Decrease) in Cash and Cash Equivalents	41,621	517,720	1,040	(27,009)	(32,748)			500,624
Cash and Cash Equivalents -- July 1	37,555	(483,326)	(3,130)	78,271	169,265	10,847	17,103	(173,415)
Cash and Equivalents -- June 30	<u>\$ 79,176</u>	<u>\$ 34,394</u>	<u>\$ (2,090)</u>	<u>\$ 51,262</u>	<u>\$ 136,517</u>	<u>\$ 10,847</u>	<u>\$ 17,103</u>	<u>\$ 327,209</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>								
Operating Income (Loss)	\$ (96,519)	\$ (66,640)	\$ (24,952)	\$ (27,009)	\$ 432,248	\$ -	\$ -	\$ 217,128
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:								
Transfer		(24,952)	24,952					
Changes in Assets and Liabilities:								
Accounts Receivable (Increase)/Decrease	(3,457)	609,575	1,040		(498,669)			108,489
Inventory (Increase)/Decrease	(515)							(515)
Accounts Payable Increase/(Decrease)		(263)			24,467			24,204
Deferred Revenue Increase/(Decrease)	1,658				9,206			10,864
Compensated Absences Payable Increase/(Decrease)								
Due to Current Increase/(Decrease)	19,058							19,058
Net Cash Provided by (used for) Operating Activities	<u>\$ (79,775)</u>	<u>\$ 517,720</u>	<u>\$ 1,040</u>	<u>\$ (27,009)</u>	<u>\$ (32,748)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 379,228</u>



## **FIDUCIARY FUNDS DETAIL STATEMENTS**

Fiduciary Funds are used to account for funds received by the School District for a specific purpose.

Agency Funds are used to account for assets held by the School District as an agent for individuals, private organizations, other governments an/or other funds.

**Student Activity Fund** – This agency fund is used to account for student funds held at the schools.

**Payroll Fund** – This agency fund is used to account for the payroll transactions of the school district.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Fiduciary Funds  
Combining Statement of Fiduciary Net Position  
June 30, 2014

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	<u>Agency Funds</u>		
	<u>Student Activity</u>	<u>Payroll</u>	<u>Total</u>
ASSETS:			
Cash and Cash Equivalents	\$ 21,910	\$ 5,594	\$ 27,504
Due From General Fund		1,325	1,325
Total Assets	<u>\$ 21,910</u>	<u>\$ 6,919</u>	<u>\$ 28,829</u>
LIABILITIES:			
Payable to Student Groups	\$ 21,910	\$ -	\$ 21,910
Payroll Deductions and Withholdings		6,919	6,919
Total Liabilities	<u>\$ 21,910</u>	<u>\$ 6,919</u>	<u>\$ 28,829</u>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Fiduciary Funds  
Student Activity Agency Fund Schedule of Receipts and Disbursements  
For the Fiscal Year Ended June 30, 2014

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	<u>Balance</u> <u>June 30, 2013</u>	<u>Cash</u> <u>Receipts</u>	<u>Cash</u> <u>Disbursements</u>	<u>Balance</u> <u>June 30, 2014</u>
Vo Tech	\$ 19,210	\$ 94,961	\$ 92,261	\$ 21,910

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**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Fiduciary Funds  
Payroll Agency Fund Schedule of Receipts and Disbursements  
For the Fiscal Year Ended June 30, 2014

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	<u>Balance June 30, 2013</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2014</u>
<b>ASSETS:</b>				
Cash and Cash Equivalents	\$ 1,366	\$ 6,589,685	\$ 6,585,457	\$ 5,594
Due From General Fund		1,325		1,325
Total Assets	<u>\$ 1,366</u>	<u>\$ 6,591,010</u>	<u>\$ 6,585,457</u>	<u>\$ 6,919</u>
<b>LIABILITIES:</b>				
Payroll Deductions and Withholdings	\$ 1,366	\$ 3,455,016	\$ 3,449,463	\$ 6,919
Net Payroll		3,135,994	3,135,994	
Total Liabilities	<u>\$ 1,366</u>	<u>\$ 6,591,010</u>	<u>\$ 6,585,457</u>	<u>\$ 6,919</u>

## **LONG-TERM DEBT SCHEDULES**

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Schedule of Obligations Under Capital Leases  
For the Fiscal Year Ended June 30, 2014

<u>Series</u>	<u>Date of Lease</u>	<u>Term of Lease</u>	<u>Amount of Original Issue Principal</u>	<u>Interest Rate Payable</u>	<u>Amount Outstanding June 30, 2013</u>	<u>Refinanced</u>	<u>Retired Current Year</u>	<u>Amount Outstanding June 30, 2014</u>
2010 School Energy Savings	4/27/10	15 yrs.	\$ 3,190,699	4.74%	\$ 2,893,284	\$ (2,765,219)	\$ 128,065	\$ -
2014 Refinancing of Energy Savings Project	4/14	11 yrs.	Refinancing	3.00%		2,796,142		2,796,142
					<u>\$ 2,893,284</u>	<u>\$ 30,923</u>	<u>\$ 128,065</u>	<u>\$ 2,796,142</u>
					(a)			(a)

(a) Future Interest Payments Removed from Carrying Value of Leases.

## **STATISTICAL SECTION**

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 Net Position by Component,  
 Last Ten Fiscal Years  
*(accrual basis of accounting)*  
 Unaudited

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 8,260,183	\$ 8,352,039	\$ 8,592,297	\$ 8,456,488	\$ 8,632,392	\$ 8,275,193	\$ 7,585,773	\$ 7,745,536	\$ 6,884,811	\$ 7,627,048
Restricted	3,455,374	3,753,290	3,352,849	2,555,670	2,278,308	1,736,407	1,453,638	397,610	649,361	619,871
Unrestricted	(21,563)	26,661	68,779	481,692	(75,157)	(120,169)	(188,850)	(101,023)	(119,188)	(107,055)
<b>Total governmental activities Net Position</b>	<b>\$ 11,693,994</b>	<b>\$ 12,131,990</b>	<b>\$ 12,013,925</b>	<b>\$ 11,493,849</b>	<b>\$ 10,835,544</b>	<b>\$ 9,891,431</b>	<b>\$ 8,850,561</b>	<b>\$ 8,042,123</b>	<b>\$ 7,414,984</b>	<b>\$ 8,139,864</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 1,245,375	\$ 1,189,140	\$ 1,133,612	\$ 1,080,169	\$ 1,032,108	\$ 983,395	\$ 934,485	\$ 876,290	\$ 818,095	\$ -
Restricted					7,979	16,728	4,930	23,309	17,886	
Unrestricted	796,979	513,036	402,508	297,064	421,010	384,166	229,198	370,868	535,945	892,355
<b>Total business-type activities Net Position</b>	<b>\$ 2,042,355</b>	<b>\$ 1,702,176</b>	<b>\$ 1,536,119</b>	<b>\$ 1,377,233</b>	<b>\$ 1,461,097</b>	<b>\$ 1,384,289</b>	<b>\$ 1,168,614</b>	<b>\$ 1,270,467</b>	<b>\$ 1,371,926</b>	<b>\$ 892,355</b>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ 9,505,559	\$ 9,541,179	\$ 9,725,908	\$ 9,536,657	\$ 9,664,501	\$ 9,258,588	\$ 8,520,258	\$ 8,621,826	\$ 7,702,906	\$ 7,627,048
Restricted	3,455,374	3,753,290	3,352,849	2,555,670	2,286,287	1,753,135	1,458,568	420,919	667,247	619,871
Unrestricted	775,416	539,697	471,286	778,755	345,853	263,997	40,349	269,845	416,757	785,300
<b>Total District Net Position</b>	<b>\$ 13,736,349</b>	<b>\$ 13,834,166</b>	<b>\$ 13,550,044</b>	<b>\$ 12,871,082</b>	<b>\$ 12,296,641</b>	<b>\$ 11,275,720</b>	<b>\$ 10,019,174</b>	<b>\$ 9,312,590</b>	<b>\$ 8,786,910</b>	<b>\$ 9,032,219</b>



SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
Unaudited

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 925,732	\$ 1,137,225	\$ 1,027,440	\$ 973,428	\$ 1,108,781	\$ 1,167,138	\$ 1,650,755	\$ 1,859,555	\$ 1,652,817	\$ 1,392,817
Special Vocational Programs										
Vocational	1,717,946	1,736,092	1,991,462	2,150,347	2,377,718	2,524,598	2,796,045	2,754,285	2,834,358	3,058,443
Other instruction										
School Sponsored Co-Curricular Activities	16,760	18,225	25,775	33,528	28,393	33,711	39,236	24,173	28,120	21,868
Support Services:										
Attendance and Social Work						108,598	64,152	68,539	73,835	75,312
Health Services	31,753	32,027	36,070	38,224	39,339	42,905	53,618	54,825	55,242	56,496
Students - Regular	1,273,430	1,594,417	1,482,731	1,295,086	1,095,181	1,209,421	986,591	1,053,612	1,675,738	1,282,486
Improvement of Instruction Services	127,405	152,432	103,932	72,619	99,932	103,739	115,507	164,186	148,632	135,650
Educational Media/School Library	124,712	143,228	157,393	175,709	261,741	213,095	151,945	157,649	175,315	219,420
General Administration	364,865	347,825	387,152	442,216	320,379	299,231	214,512	291,309	263,041	259,662
School Administrative	269,553	251,048	188,888	237,652	218,016	203,002	237,117	248,180	255,654	260,038
Central Services	344,415	384,271	373,251	428,650	466,584	396,299	444,854	(302)	304,308	279,719
Operation and Maintenance of Plant Services	832,690	816,110	1,129,284	1,244,916	1,223,044	1,135,174	995,817	80,495	925,595	852,937
Student Transportation Services	8,166	17,881	8,000	11,405	16,529	27,064	13,352		15,056	13,134
Unallocated benefits	672,216	798,706	1,082,835	1,171,454	1,121,058	1,245,674	1,492,726		1,871,773	1,453,811
Capital Outlay	2,119									
Special Schools										
Unallocated depreciation	235,901	277,566	253,768	259,241	280,607	280,617	281,135	617,132	640,385.00	1,452,642
Total governmental activities expenses	6,947,663	7,707,052	8,247,981	8,534,474	8,657,303	8,990,265	9,537,364	7,373,638	10,919,869	10,814,435
Business-type activities:										
Food service	164,926	168,115	175,930	195,153	193,588	185,570	176,170	184,435	226,700	262,300
Regional Day School	1,707,624	1,656,084	1,637,428	1,624,468	1,478,487	1,497,453	1,444,478	1,353,544	1,120,210	588,610
Summer Enrichment Program	3,172	36,440	194,246	157,356	123,096	105,019	92,092	120,662	60,888	32,885
BCCEC/ETTC		73,985	73,391	76,435	23,577	38,626	97,998	162,525	286,422	183,126
Air Force Junior ROTC	1,012		2,026	578						
Transitional Production Workshop	2,739	6,893	13,151	13,275	276	1,024		841	145	
Consolidated Services	235,214	220,789	217,903	191,415	172,551	248,410	309,380	271,096	313,748	
School Based Youth Services	10,372		3,211	54		645	60,529	65,084	62,749	57,827
ETTC Program	24,912									
Total business-type activities expense	2,149,971	2,162,305	2,317,285	2,258,734	1,991,574	2,076,748	2,180,647	2,158,187	2,070,862	1,124,748
Total district expenses	\$ 9,097,634	\$ 9,869,357	\$ 10,565,266	\$ 10,793,207	\$ 10,648,878	\$ 11,067,013	\$ 11,718,010	\$ 9,531,825	\$ 12,990,731	\$ 11,939,183

Continued

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)  
Unaudited

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	\$ 221,000	\$ 284,375	\$ 250,198	\$ 370,898	\$ 331,558	\$ 395,344	\$ 404,740	\$ 654,536	\$ 1,026,990	\$ 1,526,201
Operating grants and contributions	1,722,628	2,349,258	2,378,436	1,832,367	1,703,769	1,802,658	1,930,251	2,268,482	2,809,543	2,044,893
Capital grants and contributions										
Total governmental activities program revenues	1,943,628	2,633,633	2,628,634	2,203,265	2,035,327	2,198,002	2,334,990	2,923,018	3,836,533	3,571,094
Business-type activities:										
Charges for services										
Food service	102,554	128,489	129,888	145,663	138,789	143,393	112,037	112,404	113,354	165,781
Regional Day School	1,284,193	1,326,219	1,584,111	1,556,507	1,556,902	1,389,762	1,202,642	1,325,281	1,145,218	521,970
Summer Enrichment Program	10,481	82,530	119,841	137,661	134,060	105,019	92,092	142,000	117,000	5,876
BCCEC/ETTC		52,351	27,533	17,000	10,770	37,119	112,018	233,387	377,948	615,374
Air Force Junior ROTC	4,718	320	4,732	828						
Transitional Production Workshop		10,633	7,672	2,223	4,155	5,877	1,761	1,635	390	
Consolidated Services	235,214	220,789	217,903	191,415	172,551	248,410	309,380	300,733	284,111	
School Based Youth Services	12,500	10,000	10,000	10,000						
ETTC Program & The Learning Center	22,857						40,487	68,124	36,862	32,875
Operating grants and contributions	39,844	40,905	49,409	50,839	60,813	70,259	68,813	76,352	97,336	121,364
Total business type activities program revenues	1,712,360	1,872,235	2,151,090	2,112,136	2,078,039	1,999,841	1,939,230	2,259,916	2,172,219	1,463,240
Total district program revenues	\$ 3,655,988	\$ 4,505,868	\$ 4,779,723	\$ 4,315,401	\$ 4,113,366	\$ 4,197,842	\$ 4,274,221	\$ 5,182,934	\$ 6,008,752	\$ 5,034,334
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ 5,004,035	\$ 5,073,419	\$ 5,619,347	\$ 6,331,208	\$ 6,621,976	\$ 6,792,263	\$ 7,202,373	\$ 5,720,936	\$ 7,083,336	\$ 7,243,341
Business-type activities	437,611	290,070	166,196	146,597	(86,464)	76,907	241,417	(101,729)	(101,357)	(338,492)
Total district-wide net expense	\$ 5,441,646	\$ 5,363,489	\$ 5,785,543	\$ 6,477,806	\$ 6,535,512	\$ 6,869,170	\$ 7,443,790	\$ 5,619,207	\$ 6,981,979	\$ 6,904,849
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
County of Salem Budget Appropriation	\$ 1,400,000	\$ 1,465,000	\$ 1,530,000	\$ 1,595,000	\$ 1,660,000	\$ 1,660,000	\$ 1,792,900	\$ 1,792,900	\$ 1,792,900	\$ 1,792,900
Federal and State Aid Unrestricted	3,490,832	3,527,529	3,505,863	3,848,080	4,086,043	3,993,785				
Federal and State Aid Restricted	119,811	147,568	136,454	95,516	103,025	82,470	4,344,679	4,567,036	4,638,225	4,631,699
Transferred Locations/ Use of Capital Assets		4,159								
Loss on Disposal of Capital Assets				(6,823)	(16,860)					
Capital Outlay Contributions		43,331			(2,387)					
Miscellaneous income	173,378	323,828	328,965	279,360	133,849	111,895	44,924	163,309	25,072	60,040
Transfers	(41,695)									
Total governmental activities	5,142,325	5,511,415	5,501,282	5,811,133	5,963,670	5,848,150	6,182,503	6,523,245	6,456,197	6,484,639
Business-type activities:										
Miscellaneous Income		237	411	451	86	99	157	125	102	32
PY Revenue Refund to State of NJ		(5,143)								
Cancellation of PY Receivables		(20)	(381)							
Cancellation of PY Purchase Order			109							
Transferred Locations/ Use of Capital Assets		(1,851)								
Loss on Disposal of Capital Assets					(1,893)					
Returned to Grantor					(15,921)					
Capital Outlay Contributions		(43,331)			2,387		4,584			
Transfers										
Total business-type activities	-	(50,109)	139	451	(15,341)	99	4,741	125	102	32
Total district-wide	\$ 5,142,325	\$ 5,461,306	\$ 5,501,421	\$ 5,811,585	\$ 5,948,330	\$ 5,848,250	\$ 6,187,244	\$ 6,523,370	\$ 6,456,299	\$ 6,484,671
<b>Change in Net Position</b>										
Governmental activities	\$ 138,290	\$ 437,996	\$ (118,065)	\$ (520,075)	\$ (658,306)	\$ (944,113)	\$ (1,019,870)	\$ 802,309	\$ (627,139)	\$ (758,702)
Business-type activities	(437,611)	(340,179)	(166,057)	(146,146)	71,124	(76,808)	(236,675)	101,854	101,459	338,524
Total district	\$ (299,321)	\$ 97,817	\$ (284,122)	\$ (666,221)	\$ (587,182)	\$ (1,020,921)	\$ (1,256,545)	\$ 904,163	\$ (525,680)	\$ (420,178)

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
Unaudited

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Restricted	\$ 3,455,374	\$ 3,753,290	\$ 3,352,849	\$ 2,548,755	\$ 2,278,308	\$ 1,736,407	\$ 260,627	\$ 83,693	\$ 340,496	\$ 329,154
Unrestricted	126,008	143,613	184,949	195,894	(20,827)	(54,801)	(143,670)	(6,827)	(28,471)	16,725
Total general fund	<u>\$ 3,581,382</u>	<u>\$ 3,896,903</u>	<u>\$ 3,537,798</u>	<u>\$ 2,744,649</u>	<u>\$ 2,257,482</u>	<u>\$ 1,681,606</u>	<u>\$ 116,958</u>	<u>\$ 76,866</u>	<u>\$ 312,025</u>	<u>\$ 345,879</u>
All Other Governmental Funds										
Restricted										
Unrestricted, reported in:										
Special revenue fund	\$ (1,551)	\$ (1,551)	\$ (1,551)	\$ (1,551)						
Capital projects fund						\$ 2,233,489	\$ 1,311,982	\$ 351,785	\$ 351,785	\$ 290,717
Total all other governmental funds	<u>\$ (1,551)</u>	<u>\$ (1,551)</u>	<u>\$ (1,551)</u>	<u>\$ (1,551)</u>	<u>\$ -</u>	<u>\$ 2,233,489</u>	<u>\$ 1,311,982</u>	<u>\$ 351,785</u>	<u>\$ 351,785</u>	<u>\$ 290,717</u>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
Unaudited

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
County of Salem Budget Appropriation	\$ 1,400,000	\$ 1,465,000	\$ 1,530,000	\$ 1,595,000	\$ 1,660,000	\$ 1,660,000	\$ 1,792,900	\$ 1,792,900	\$ 1,792,900	\$ 1,792,900
Tuition charges	221,000	284,375	250,198	370,898	331,558	395,344	404,740	654,536	1,026,990	1,526,201
Unrestricted Miscellaneous Revenue	173,378	323,828	328,965	279,360	133,849	111,895	44,924	172,709	25,072	60,040
State sources	4,300,998	4,359,944	4,518,118	4,693,360	4,963,369	4,150,346	5,056,789	5,276,031	5,618,464	5,593,338
Federal sources	1,032,273	1,664,412	1,495,260	1,082,322	918,479	1,727,758	1,218,141	1,550,087	1,829,304	1,083,254
Other sources			7,375	281	10,989	808	-	-	-	-
<b>Total revenue</b>	<b>7,127,648</b>	<b>8,097,558</b>	<b>8,129,915</b>	<b>8,021,221</b>	<b>8,018,244</b>	<b>8,046,152</b>	<b>8,517,493</b>	<b>9,446,263</b>	<b>10,292,730</b>	<b>10,055,733</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	780,396	1,006,992	983,306	928,343	1,059,979	1,118,335	1,601,862	1,752,228	1,545,490	\$ 1,376,360
Special Vocational Programs										
Vocational education	1,725,041	1,733,829	1,903,195	2,060,176	2,280,115	2,426,993	2,698,259	2,539,630	2,619,703	2,960,765
Other instruction										
School Sponsored Co/Extra Curricular Activities	16,760	18,225	25,775	33,528	28,393	33,711	39,236	24,173	28,120	21,868
<b>Support Services:</b>										
Attendance & Social Work						108,598	64,152	68,539	73,835	75,312
Health Services	31,753	32,027	36,070	38,224	39,339	42,905	53,618	54,825	55,242	56,496
Students - Regular	1,273,430	1,594,417	1,482,731	1,295,086	1,095,181	1,209,421	986,591	1,053,612	1,675,738	1,282,486
Improvement of Instruction Services	127,405	152,432	103,932	72,619	99,932	103,739	115,507	164,186	148,632	135,650
Educational Media/School Library	124,712	143,228	157,393	175,709	261,741	213,095	151,945	157,649	175,315	219,420
General Administration	364,865	347,825	365,085	408,402	295,979	274,829	193,071	244,243	215,975	256,146
School Administrative	269,553	251,048	188,888	237,652	218,016	203,002	237,117	248,180	255,654	260,038
Central Services	322,650	362,159	376,903	428,650	466,584	396,299	413,033	383,020	303,383	278,092
Operation and Maintenance of Plant Services	835,036	840,932	1,133,275	1,222,373	1,186,443	1,098,572	959,147	872,938	846,215	851,069
Student Transportation Services	2,541	880	8,000	11,405	16,529	27,064	13,352	14,358	15,056	13,134
Unallocated Benefits	478,966	513,087	590,310	659,782	708,469	808,138	995,640	1,120,371	1,888,295	1,462,403
On Behalf Contributions	251,503	316,238	493,307	558,640	425,911	426,498	428,965	521,488	680,790	590,980
<b>Special Schools</b>										
Capital outlay	242,622	468,719	640,848	321,867	683,164	1,088,040	2,031,154	1,227,112	230,128	242,728
<b>Total expenditures</b>	<b>6,847,232</b>	<b>7,782,037</b>	<b>8,489,021</b>	<b>8,452,455</b>	<b>8,865,776</b>	<b>9,579,237</b>	<b>10,982,649</b>	<b>10,446,552</b>	<b>10,757,571</b>	<b>10,082,947</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>280,416</b>	<b>315,521</b>	<b>(359,106)</b>	<b>(431,234)</b>	<b>(847,531)</b>	<b>(1,533,085)</b>	<b>(2,465,156)</b>	<b>(1,000,289)</b>	<b>(464,841)</b>	<b>(27,214)</b>
<b>Other Financing sources (uses)</b>										
Special Rev Fund Return of PY Unexpended Funds										
Cancellation of Prior Years Accounts Receivable	(41,695)									
Capital Lease Proceeds						3,190,699				
Transfers in	73			400,000	122,004					
Transfers out	(73)			(400,000)	(122,004)		(21,000)			
<b>Total other financing sources (uses)</b>	<b>(41,695)</b>					<b>3,190,699</b>	<b>(21,000)</b>			
<b>Net change in fund balances</b>	<b>\$ 238,721</b>	<b>\$ 315,521</b>	<b>\$ (359,106)</b>	<b>\$ (431,234)</b>	<b>\$ (847,531)</b>	<b>\$ 1,657,614</b>	<b>\$ (2,486,156)</b>	<b>\$ (1,000,289)</b>	<b>\$ (464,841)</b>	<b>\$ (27,214)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

Source: District records

Note: Noncapital expenditures are total expenditures less capital outlay.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
General Fund - Other Local Revenue By Source  
Last Ten Fiscal Years  
*Unaudited*

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Tuition	\$ 221,000	\$ 284,375	\$ 250,198	\$ 370,898	\$ 331,558	\$ 395,344	\$ 392,340	\$ 654,536	1,026,990	1,526,201
Post Secondary	3,300	18,328	4,480	14,850	25,050	10,785	12,400			
Interest Earned on Capital Reserve Funds	11,809	24,486	41,944	43,485	6,000	6,000	6,000			
Interest on Investments	66,852	124,093	187,855	121,037	66,337	20,672	1,124	2,972	2,195	1,270
Child Care Revenue	1,625	-								
Refunds of Prior Year Expenditures	18,172	-		10,988		23,898	19,833	6,996	21,600	10,467
Sale of Fixed Assets		5,437		10,001	6,215					
Rentals	10,016	10,997	1,191				1,000			
Supplement Services Provider							5,000			
NJ Schools Construction Corporation		90,608	15,854							
NJ Clean Energy Program						21,034		5,712		
PSE&G						10,000	10,000			
ESIP Incentive								144,610		
Miscellaneous	61,603	49,880	77,641	78,999	30,247	19,507	1,967	3,019	34,518	41,191
<b>Total</b>	<b>\$ 394,378</b>	<b>\$ 608,202</b>	<b>\$ 579,162</b>	<b>\$ 650,258</b>	<b>\$ 465,407</b>	<b>\$ 507,239</b>	<b>\$ 449,664</b>	<b>\$ 817,845</b>	<b>\$ 1,085,303</b>	<b>\$ 1,579,129</b>

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

*Unaudited*

Fiscal Year Ended June 30,	Governmental Activities				Business Type Activities	Total District	Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Early Retirement	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2014			\$ 2,796,142			\$ 2,796,142	0.00100	\$ 43.02
2013			2,893,284			2,893,284	0.00104	44.40
2012			3,006,220			3,006,220	0.00108	45.71
2011			3,105,040			3,105,040	0.1144%	47.12
2010			3,190,699			3,190,699	0.1212%	48.35
2009						-	not available	
2008		\$ 15,462				15,462	0.0006%	0.23
2007		30,924				30,924	0.0013%	0.47
2006		46,386				46,386	0.0020%	0.70
2005		61,848	74,663			136,511	0.0062%	2.09

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

**a** Personal income has been estimated upon the county population and per capita

**b** Per Capital personal income estimated based upon the 2000 Census published

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Demographic and Economic Statistics  
Last Ten Years  
*Unaudited*

<u>Year</u>	<u>Population (3)</u>	<u>Personal Income (4)</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate (2)</u>
2014	64,989	\$ 2,807,605,061	\$ 43,201	8.90%
2013	65,166	2,787,377,901	42,774	8.80%
2012	65,774	2,785,528,900	42,350	11.00%
2011	65,902	2,714,635,184	41,192	10.80%
2010	65,996	2,632,514,444	39,889	11.30%
2009	66,342	2,596,493,196	39,138	10.70%
2008	66,194	2,598,379,276	39,254	6.30%
2007	65,981	2,451,721,998	37,158	4.90%
2006	65,929	2,340,941,003	35,507	5.00%
2005	65,465	2,214,288,160	33,824	4.80%

(1) Source: Regional Economic Information System

(2) Source: US Bureau of Economic Analysis

(3) Source: US Department of Commerce, Bureau of Census Population Division

(4) Source: Personal income has been estimated based upon the county population and per capita

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Full-time Equivalent District Employees by Function/Program,  
Last Ten Fiscal Years  
*Unaudited*

<b>Function/Program</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Instruction										
Regular	9	9	11	11	12	16	14	17	17	18
Vocational	22	22	22	22	23	20	21	22	22	23
Support Services:										
Student & instruction related services	6	6	7	7	8	10	10	12	12	12
Health Services	1	1	1	1	1	1	1	1	1	1
General administration	3	3	3	3	3	2	2	2	2	2
School administrative services	5	5	5	5	5	5	5	5	5	5
Other administrative services	5	5	5	5	5	5	5	3	3	3
Central services	7	7	7	7	7	7	7	4	2	2
Administrative Information Technology										11
Plant operations and maintenance	10	10	10	10	10	11	12	11	11	
Other:										
Cafeteria			3	3	3	3	3	4	4	4
Regional Day School			22	22	22	25	25	22	22	25
<b>Total</b>	<b>68</b>	<b>68</b>	<b>96</b>	<b>96</b>	<b>99</b>	<b>105</b>	<b>105</b>	<b>103</b>	<b>101</b>	<b>106</b>

**Source:** District Personnel Records



**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Operating Statistics,  
Last Ten Fiscal Years  
*Unaudited*

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio Elementary	Middle School	Senior High School	Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
2014	884	\$ 9,840,219	\$ 11,131	-2.70%	39	na	na	22.67	789.6	742.8	63.68%	94.07%
2013	859	9,827,443	11,441	1.26%	39	na	na	22.03	482.4	452.5	-40.44%	93.80%
2012	816	9,219,440	11,298	6.40%	39	na	na	20.92	810.0	771.9	51.12%	95.30%
2011	843	8,951,495	10,619	-1.33%	35	na	na	24.09	536.0	504.0	-19.57%	94.03%
2010	789	8,491,197	10,762	-8.72%	35	na	na	22.54	666.4	635.5	3.40%	95.36%
2009	694	8,182,612	11,791	0.49%	35	na	na	19.83	644.5	611.6	13.27%	94.90%
2008	693	8,130,588	11,732	-1.78%	33	na	na	21.00	569.0	532.0	14.26%	93.50%
2007	657	7,848,173	11,945	-1.34%	33	na	na	19.91	498.0	466.4	5.73%	93.65%
2006	604	7,313,318	12,108	9.63%	31	na	na	19.48	471.0	439.9	3.81%	93.40%
2005	598	6,604,610	11,044	11.92%	31	na	na	19.29	453.7	426.0	0.82%	93.89%

**Sources:** District records

**Note:** Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS) and does not include Academy students.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
 School Building Information  
 Last Ten Fiscal Years  
*Unaudited*

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b><u>District Building</u></b>										
<b><u>Vocational School</u></b>										
Salem County Vocational (1973)										
Square Feet	136,356	136,356	136,356	136,356	136,356	136,356	136,356	136,356	136,356	136,356
Capacity (students)	630	630	630	630	630	630	630	630	630	630
Enrollment (Full-time equivalent)	462	501	506	540	560	677	686	695 *	859	884
Number of Schools at June 30, 2013										
Elementary = 0										
Middle School = 0										
Senior High School = 0										
Vo-Tech = 1	1	1	1	1	1	1	1	1	1	1

**Source:** District Facilities Office

\* = includes academy students

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Schedule of Required Maintenance  
Last Ten Fiscal Years  
*Unaudited*

Undistributed Expenditures - Required Maintenance for School Facilities

11-000-261-xxx

		<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>* School Facilities</b>	<b><u>Project # (s)</u></b>										
Salem County Vocational School	N/A	<u>\$ 266,363</u>	<u>\$ 271,133</u>	<u>\$ 469,447</u>	<u>\$ 514,030</u>	<u>\$ 424,413</u>	<u>\$ 337,165</u>	<u>\$ 221,957</u>	<u>\$ 181,183</u>	<u>\$ 202,435</u>	<u>254,598</u>
Total School Facilities		<u>266,363</u>	<u>271,133</u>	<u>469,447</u>	<u>514,030</u>	<u>424,413</u>	<u>337,165</u>	<u>221,957</u>	<u>181,183</u>	<u>202,435</u>	<u>254,598</u>
Total		<u><u>\$ 266,363</u></u>	<u><u>\$ 271,133</u></u>	<u><u>\$ 469,447</u></u>	<u><u>\$ 514,030</u></u>	<u><u>\$ 424,413</u></u>	<u><u>\$ 337,165</u></u>	<u><u>\$ 221,957</u></u>	<u><u>\$ 181,183</u></u>	<u><u>\$ 202,435</u></u>	<u><u>\$ 254,598</u></u>

\* School facilities as defined under EFCFA.  
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Insurance Schedule  
6/30/2014  
*Unaudited*

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	<u>Coverage</u>	<u>GCSSDJIF SIR Retention</u>	<u>District Deductible</u>
Property Policy	\$ 150,000,000	\$ 250,000	\$ 500
Boiler & Machinery / Equipment Breakdown	125,000,000	None	1,000
Crime Policy	500,000	250,000	500
General Liability and Automobile Policy	15,000,000	250,000	None
Workers' Compensation and Employer's Liability Policy	Statutory	250,000	None
Educator's Legal Liability Insurance Policy	15,000,000	100,000	None
Commercial Pollution and Mold Legal Liability Insurance	3,000,000	None	25,000
Cyber Liability	1,000,000	None	25,000
 Bonds			
Board Secretary/Business Administrator	50,000		
Treasurer of School Funds	150,000		

Source: District Records

**SINGLE AUDIT SECTION**

# **NIGHTLINGER, COLAVITA & VOLPA**

*A Professional Association*

*Certified Public Accountants*

991 S. Black Horse Pike  
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Williamstown, NJ 08094

(856) 629-3111  
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November 20, 2014

## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

### **INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Salem County Vocational Technical School District  
County of Salem, New Jersey 08079

We have audited the financial statements of the governmental activities, the business – type activities, each major fund, and the aggregate remaining fund information of the Board of Education of the Salem County Vocational Technical School District, in the County of Salem, State of New Jersey, as of and for the fiscal year ended June 30, 2014, which collectively comprise the Board of Education of the Salem County Vocational Technical School District's basic financial statements and have issued our report thereon dated November 20, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

#### **Internal Control Over Financial Reporting**

Management of the Board of Education of the Salem County Vocational Technical School District, in the County of Salem, State of New Jersey, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Salem County Vocational Technical Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Salem County Vocational Technical Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Salem County Vocational Technical Board of Education's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We identified three deficiencies in internal control over financial reporting that we consider to be a material weaknesses, as defined above and labeled Finding 2014-2, 3 and 4. We also noted two other matters that were reported to the Board of Education of the Salem County Vocational Technical School District in a separate report entitled, *Auditor's Management Report on Administrative Findings-Financial Compliance and Performance* dated November 20, 2014.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Salem County Vocational Technical Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, labeled Finding 2014-2, 3 and 4.

However, we noted two other matters that were reported to the Board of Education of the Salem County Vocational Technical School District in a separate report entitled, *Auditor's Management Report on Administrative Findings-Financial Compliance and Performance* dated November 20, 2014.

### **Purpose of this Report**

This report is intended solely for the information and use of the audit committee, management, the Salem County Vocational Technical Board of Education, the New Jersey State Department of Education and other state and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

**NIGHTLINGER, COLAVITA & VOLPA, PA**



Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915

# **NIGHTLINGER, COLAVITA & VOLPA**

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November 20, 2014

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON  
SCHEDULE OF AWARDS REQUIRED BY OMB CIRCULAR A-133  
AND NEW JERSEY OMB CIRCULAR 04-04**

**INDEPENDENT AUDITOR'S REPORT**

The Honorable President and  
Members of the Board of Education  
Salem County Vocational Technical School District  
County of Salem, New Jersey 08079

**Report on Compliance for Each Major Program**

We have audited the Board of Education of the Salem County Vocational Technical School District, in the County of Salem, State of New Jersey, compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each Salem County Vocational Technical School District's major federal and state programs for the fiscal year ended June 30, 2014. The Salem County Vocational Technical Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Salem County Vocational Technical Board of Education's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*; and New Jersey OMB's Circular 04-04, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Salem County Vocational Technical Board of Education's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Salem County Vocational Technical Board of Education's compliance with those requirements.



### **Opinion on Each Major Program**

In our opinion, the Board of Education of the Salem County Vocational Technical School District, in the County of Salem, State of New Jersey, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2014.

### **Report on Internal Control Over Compliance**

Management of the Salem County Vocational Technical School District's Board of Education is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Salem County Vocational Technical Board of Education's internal control over compliance with requirements that could have a direct and material effect on a major federal and state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and NJ OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Salem County Vocational Technical School District's Board of Education's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance; such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a major program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We identified one instance of deficiency in internal control over compliance that we consider to be a material weakness, as defined above and labeled Finding 2014-2.

This report is intended solely for the information and use of the audit committee, management, the Salem County Vocational Technical Board of Education, the New Jersey State Department of Education, other state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Respectfully submitted,

NIGHTLINGER, COLAVITA & VOLPA, PA



Raymond Colavita, CPA  
Licensed Public School Accountant  
No. 915

SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
Schedule of Expenditures of Federal Awards, Schedule A  
For the Fiscal Year Ended June 30, 2014

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance at June 30, 2013	Cash Received	Budgetary Expenditures	Adjustment	Balance June 30, 2014		
				From	To	Unearned Revenue (Accounts Receivable)				(Accounts Receivable)	Unearned Revenue	Due to Grantor at June 30, 2014
Special Revenue Fund:												
U.S. Department of Education:												
Passed-Through State Department of Education:												
Title I	84.010A	NCLB464014	86,528	7/1/13	6/30/14		\$ 57,406	\$ (73,784)		\$ (16,378)		
Title I	84.010A	NCLB464013	93,877	9/1/12	8/31/13	\$ (5,847)	10,897	(19,143)	\$ 288	(13,805)		
Title I	84.010A	NCLB464012	45,717	9/1/11	8/31/12							
Title I	84.010A	NCLB464011	49,900	9/1/10	8/31/11	(183)				(183)		
Title II Part A	84.367A	NCLB464014	8,507	7/1/13	6/30/14			(6,212)		(6,212)		
Title II Part A	84.367A	NCLB464013	4,282	9/1/12	8/31/13	1	10,388				\$ 10,389	
Title II Part A	84.367A	NCLB464012	10,517	9/1/11	8/31/12							
Title II Part A	84.367A	NCLB464013	9,019	9/1/12	8/31/13							
IDEA	84.027	IDEA464014	109,406	7/1/13	6/30/14		82,026	(105,632)		(23,606)		
IDEA	84.027	IDEA464013	116,531	9/1/12	8/31/13	(116,531)	116,531					
IDEA	84.027	IDEA464012	108,784	9/1/11	8/31/12							
IDEA	84.027	IDEA464012	4,778	9/1/11	8/31/12							
Perkins - Secondary	84.048A	PERK 464013	66,590	7/1/13	6/30/14			(64,864)		(64,864)		
Perkins - Secondary Reserve	84.048A	PERK 464013	27,269	7/1/13	6/30/14			(21,922) A	812	(21,110)		
21th Century	84.287C	NGO-11-K17-HO5	500,000	9/1/12	8/31/13	(154,290)	157,839	(3,610)		(61)		
21st Century	84.287C	NGO-11-K17-HO5	500,000	9/1/11	8/31/12							
21st Century	84.287C	NGO-11-K17-HO5	47,289	9/1/11	8/31/12	(3)	3					
21st Century Supplemental	84.287C	NGO-11-K17-HO5	34,482	9/1/12	8/31/13	(4,581)	4,581					
Passed-Through State Department of Labor and Workforce Development:												
Adult Basic Skills	84.002	Sub grantee	513,000	7/1/13	6/30/14		297,654	(474,021)		(176,367)		
Adult Basic Skills	84.002	Lead Agent	229,326	7/1/13	6/30/14		237,931	(252,028)		(14,097)		
Adult Basic Skills	84.002	Sub grantee	109,137	7/1/12	6/30/13	(56,979)	56,979					
Adult Basic Skills	84.002	Lead Agent	549,700	7/1/12	6/30/13	(134,253)	134,253					
Adult Basic Skills	84.002	Lead Agent	406,477	7/1/10	6/30/11	4,882					4,882	
Special Revenue Fund - Total U.S. Department of Education						(467,784)	1,166,488	(1,021,216)	1,100	(336,683)	15,271	
Total U.S. Department of Education						(467,784)	1,166,488	(1,021,216)	1,100	(336,683)	15,271	
U.S. Department of Labor:												
Passed-Through Salem County One-Stop Management Team:												
Workforce Investment Act (In School)	17.250	WIA-269-2012-02	67,392	9/1/11	8/31/12	793					793	
Workforce Investment Act (In School)	17.250	WIA-269-2013-03	41,752	9/1/12	8/31/13	(10,353)	17,464	(7,111)				
Workforce Investment Act (Out of School)	17.250	WIA-269-2013-01	42,166	9/1/12	8/31/13	(6,809)	18,480	(10,323)			1,348	
Total U.S. Department of Labor						(16,369)	35,944	(17,434)			2,141	
Total Special Revenue Fund						(484,153)	1,202,432	(1,038,650)		(336,683)	17,412	
Enterprise Fund:												
U.S. Department of Agriculture:												
Passed Through State Department of Education:												
Food Distribution Program	10.565	N/A	16,470	7/1/13	6/30/14		16,470	(16,468)			2	
National School Breakfast Program	10.553	N/A	16,666	7/1/13	6/30/14		14,892	(16,666)		(1,774)		
National School Breakfast Program	10.553	N/A	10,525	7/1/12	6/30/13	(951)	951					
National School Lunch Program	10.555	N/A	85,651	7/1/13	6/30/14		78,559	(85,651)		(7,092)		
National School Lunch Program	10.555	N/A	69,594	7/1/12	6/30/13	(4,464)	4,464					
Total U.S. Department of Agriculture and Enterprise Funds						(5,415)	115,336	(118,785)		(8,866)	2	
Total Federal Financial Assistance						\$ (489,568)	\$ 1,317,768	\$ (1,157,435)	\$ 1,100	\$ (345,549)	\$ 17,414	
(A) Canceled / Adjustment												

The accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
Schedule of Expenditures of State Financial Assistance, Schedule B  
For the Fiscal Year Ended June 30, 2014

EXHIBIT K-4

State Grantor/ Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From	To	Balance June 30, 2013	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Balance June 30, 2014			Memo	
					Unearned Revenue (Accounts Receivable)				(Accounts Receivable)	Unearned Revenue	Due to Grantor at 6/30/14	Budgetary Receivable June 30, 2014	Cumulative Total Expenditures
State Department of Education (State Aid):													
General Fund:													
Special Education Aid	13-495-034-5120-089	\$ 379,325	7/1/12	6/30/13	\$ (38,351)		\$ 38,351					\$	(379,325)
Special Education Aid	14-495-034-5120-089	391,823	7/1/13	6/30/14			346,159	\$ (391,823)				\$	(45,664)
Equalization Aid	13-495-034-5120-078	4,200,720	7/1/12	6/30/13	(419,147)		419,147						(391,823)
Equalization Aid	14-495-034-5120-078	4,180,454	7/1/13	6/30/14			3,773,802	(4,180,454)					(4,200,720)
Security Aid	13-495-034-5120-084	14,559	7/1/12	6/30/13	(1,869)		1,869					(406,652)	(4,180,454)
Security Aid	14-495-034-5120-084	22,326	7/1/13	6/30/14			15,275	(22,326)					(14,559)
Anti Bullying Aid	N/A	2,081	7/1/13	6/30/14			2,081	(2,081)				(7,051)	(22,326)
On Behalf Pension Contributions	14-495-034-5095-006	132,279	7/1/13	6/30/14			132,279	(132,279)					(2,081)
On Behalf TPAF Post Retirmt. Medical C	14-495-034-5095-002	216,888	7/1/13	6/30/14			216,888	(216,888)					(132,279)
TPAF Social Security Contributions	13-100-034-5095-002	242,301	7/1/12	6/30/13	(11,449)		11,449						(216,888)
TPAF Social Security Contributions	14-100-034-5095-002	241,813	7/1/13	6/30/14			230,272	(241,813)	\$ (11,541)				(242,301)
Total General Fund					(470,816)		5,187,572	(5,187,664)	(11,541)			(459,367)	(10,024,569)
Special Revenue Fund:													
State Department of Education:													
Carl D. Perkins - Post Secondary	PERK464014	94,805	7/1/13	6/30/14				(77,328)	(77,328)				(77,328)
Carl D. Perkins - Post Secondary	PERK464013	85,768	7/1/12	6/30/13	30					\$ 30			
Total State Department of Education					30			(77,328)	(77,328)	30			(77,328)
State Department of Labor:													
Opportunity for NJ	O4J-FY13-005-028	300,000	10/1/13	9/30/14				(13,155)	(13,155)				(13,155)
Industry Talent Developmt. Partnership	ITDP-FY13-01-003	280,370	7/1/12	9/30/13	(36,825)		106,650	(69,825)					(69,825)
Total State Department of Labor					(36,825)		106,650	(82,980)	(13,155)				(82,980)
State Department of Human Services:													
School Based Youth Services	SBYS14XXSP	278,182	7/1/13	6/30/14			278,182	(247,858)		30,324			(247,858)
School Based Youth Services	SBYS13XXSP	280,682	7/1/12	6/30/13	9,154			(9,154)					(9,154)
School Based Youth services—Family Court	N/A	10,000	1/1/13	12/31/13	2,500		5,000	(7,500)					(7,500)
Total State Department of Human Services					11,654		283,182	(264,512)		30,324			(264,512)
Total Special Revenue Fund					(25,141)		389,832	(424,820)	(90,483)	30,354			(424,820)
Enterprise Fund:													
State School Lunch Program	14-100-010-3350-023	2,581	7/1/13	6/30/14			2,263	(2,581)	(318)				
State School Lunch Program	13-100-010-3350-023	2,201	7/1/12	6/30/13	(262)		262						
Total Enterprise Funds					(262)		2,525	(2,581)	(318)				
Total State Financial Assistance					\$ (496,219)	\$ -	\$ 5,579,929	\$ (5,615,065)	\$ (102,342)	\$ 30,354	\$ -	\$ (459,367)	\$ (10,449,389)

(A) Canceled / Adjustment  
(B) Prior Year Encumbrance Canceled

The accompanying Notes to Financial Statements and Notes to Schedules of Expenditures of Federal Awards and State Financial Assistance are an integral part of this schedule.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2014**

**NOTE 1: GENERAL**

The accompanying schedules of expenditures of federal awards and state financial assistance include federal and state award activity of the Salem County Vocational Technical School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies are included on the schedules of expenditures of federal awards and state financial assistance.

**NOTE 2: BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of federal awards and state financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits for States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3: RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A., 18A:22-44.2*. For GAAP purposes that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis, which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A., 18A:22-44.2*.

There were no net adjustments to reconcile from the budgetary basis to the GAAP basis for the general fund and an adjustment in the special revenue fund of \$22,664. See Note 1 (the Notes to Required Supplementary Information) for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULES OF EXPENDITURES OF AWARDS**  
**AND FINANCIAL ASSISTANCE**  
**JUNE 30, 2014**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$ 5,187,664	\$ 5,187,664
Special Revenue Fund	1,083,254	405,674	1,488,928
Food Service Fund	<u>118,783</u>	<u>2,581</u>	<u>121,364</u>
Total Awards & Financial Assistance	\$ <u>1,202,037</u>	\$ <u>5,595,919</u>	\$ <u>6,797,956</u>

**NOTE 4: RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**NOTE 5: FEDERAL AND STATE LOANS OUTSTANDING**

The Salem County Vocational Technical School District had no outstanding loans at June 30, 2014.

**NOTE 6: OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2014. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer's share of social security contributions for TPAF members for the year ended June 30, 2014.

**NOTE 7: SCHOOLWIDE PROGRAM FUNDS**

As the District's Federal Programs are on a targeted student group basis, there are no schoolwide programs in the District.

**NOTE 8: MAJOR PROGRAMS**

The award designated as a major program is identified in the Summary of Auditor's Results Section of the Schedule of Findings and Questioned Cost.

**NOTE 9: ADJUSTMENTS**

Amounts reported in the column entitled "Adjustments" represent favorable differences incurred in the liquidation of open orders charged as budgetary basis expenditures in fiscal year 2012-13 as well as cancellations.

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- 1) Material weakness (es) identified?       X       yes                      no
- 2) Significant deficiencies identified?                      yes       X       none reported

Noncompliance material to basic financial statements noted?                      yes       X       no

**Federal Awards**

Internal control over major programs:

- 1) Material weakness (es) identified?       X       yes                      no
- 2) Significant deficiencies identified?                      yes       X       none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?       X       yes                      no

**CFDA Number(s)**

**Name of Federal Program or Cluster**

**84.002**

**Workforce Development – Adult  
Basic Skills**

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000.00

Auditee qualified as low-risk auditee?       X       yes                      no

## Section I - Summary of Auditor's Results (continued)

<u>GMIS Number(s)</u>	<u>Name of State Program</u>
4-495-034-5120-078	Equalization Aid
4-495-034-5120-089	Special Education Aid
4-495-034-5120-084	Security Aid

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(continued)**

**Section II - Financial Statement Findings**

**Finding:** NONE

**Criteria or specific requirement:**

**Condition:**

**Context:**

**Effect:**

**Cause:**

**Recommendation:**

**Management's response:**



**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(continued)**

**Section III - Federal Awards and State Financial Assistance  
Findings and Questioned Costs**

**FEDERAL AWARDS**

**Finding: 2014-2**

**Information on the Federal program:** Workforce Development – Adult  
Basic Skills (84.002)

**Criteria or specific requirement:** The N.J. Department of Education, as well as Federal requirements, stipulate that allowable expenditures be properly recorded under the Grant or budget line items and accurately reflected on the appropriate periodic reports.

**Condition:** Various cash receipts and expenditures in the Workforce Development - Adult Basic Skills, were not properly recorded, resulting in numerous adjustments to be made as part of the Audit. This includes allocation of payroll charges between the grant fund and enterprise funds.

**Questioned Costs:** None.

**Context:** Allocation of certain expenditures were not properly recorded in the records or accurately reported on the various reports to the Board of Education and N.J. Department of Education.

**Effect:** Adjustments were required to be made in the business office and reflected in the audit.

**Cause:** The District inadvertently did not properly align revenue and expenditures in the appropriate accounts.

**Recommendation:** Procedures to record cash receipts and expenditures, by purchase order or payroll in various Federal and State grants, should be reviewed, revised and implemented, in order to strengthen internal control over grant accounting, including reconciliation to periodic grant reports.

**Management's response:** Management is aware of the necessary procedures to be updated and followed.

**STATE FINANCIAL ASSISTANCE**

**Finding:** NONE

**SALEM COUNTY VOCATIONAL TECHNICAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

This section identifies the status of prior - year findings related to the general - purpose financial statements and Federal and State awards that are required to be reported in accordance with Chapter 6.12 Government Auditing Standards, US OMB Circular A-133 (Section .315 (a)(b)) and New Jersey OMB's Circular 04-04.

**STATUS OF PRIOR - YEAR FINDINGS**

NONE